

1998 SPRING

Alaska Housing Market Indicators



1998
S P R I N G

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3. Housing and Economic Development: The Critical Connection
By Mitzi Barker 4th Quarter 1993
4. Energy Efficiency and Economic Development in Rural Alaska
By Mimi Burbage 1st Quarter 1994
5. A Housing Policy for the 21st Century
By Mitzi Barker 2nd Quarter 1994
6. Keeping Pace with Alaska's Housing Needs
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7. Homebuyer Education
By Bob Pickett 4th Quarter 1994
8. Changing Federal Housing Policies Spell New Challenges for Alaska
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10. Rural Perspectives: AHFC Small Building Material Loan Program
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Financial Investment
By James Wiedle Fall 1997
14. Looking Toward 2000: Future Trends in the Housing Industry
By James Wiedle Spring 1998

Errata



hanks to our many readers who spotted the error on the cover of our last issue of the *Alaska Housing Market Indicators*. The outside cover spine and titles contains the text “1998 Fall.” The cover spine and title should both read “1997 Fall.”

- Editor

Editor's Note

In the last issue of the *Alaska Housing Market Indicators* we asked readers to complete a survey about the usefulness of the Alaska Housing Market Indicators. Thank you to all the readers who completed and returned the survey. Your input is valued.

Nineteen readers, representing government employees, lending institutions, property managers, and homeowners responded to the survey. Most indicated that they found the information in the Housing Market Indicators useful or very useful. Further, most indicated that the report was easy to read and the tables and graphs contained within were easy to understand. Several suggestions were made for future articles; primarily articles on rural housing. Thank you for your feedback, and we'll try to incorporate your ideas into future *Housing Market Indicators*.

The housing market continues to boom. Interest rates are at an all-time low, homeownership levels are at an all-time high, and the economy of the nation is at its best level since the 1960s. Many experts are forecasting a record year for housing. One concern is the recent downturn in Asian economies. The economy of Alaska has strong ties to Asia through tourism, freight-shipping, lumber, seafood, and petroleum products. There are concerns that slumps in these industries will stall the economy and, thus impact housing. While the impact of global events on the Alaskan economy has thus far proven tepid, many economists are suggesting that the full impact will not occur until the first half of 1999.

We are continually striving to make *Alaska Housing Market Indicators* a publication that you, the reader, can use. If you have any questions, comments, or ideas for future publications, please contact us. Your input is important. Please direct your correspondence to:

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Data Release Schedule



or updated data release dates, check our Internet web site: www.ahfc.state.ak.us/planning.htm. For any questions, call, write, or e-mail the editor (see previous page for addresses and phone numbers).

AHFC Quarterly Residential Portfolio/New Alaska Housing Units

- 1999 First Quarter 60 days after quarter ends Friday, May 30, 1999
- 1999 Second Quarter 45 days after quarter ends Friday, August 15, 1999
- 1999 Third Quarter 45 days after quarter ends Friday, November 14, 1999
- 1999 Fourth Quarter 45 days after quarter ends Tuesday, February 17, 1999

Multiple Listing Service Data

- 1999 First Quarter 60 days after quarter ends Friday, May 30, 1999
- 1999 Second Quarter 60 days after quarter ends Friday, August 29, 1999
- 1999 Third Quarter 60 days after quarter ends Friday, November 28, 1999
- 1999 Fourth Quarter 60 days after quarter ends Monday, March 2, 1999

Quarterly Survey of Alaska Lenders

- 1999 First Quarter 81 days after quarter ends Friday, June 20, 1999
- 1999 Second Quarter 81 days after quarter ends Friday, September 19, 1999
- 1999 Third Quarter 81 days after quarter ends Friday December 19, 1999
- 1999 Fourth Quarter 90 days after quarter ends Tuesday, March 31, 1999

Annual Rental Market Survey

- 1999 Second Quarter Beginning of 3rd Qtr 1998 Tuesday, July 1, 1999

Annual Construction Cost Survey

- 1999 First Quarter Beginning of 2nd Qtr 1999 Wednesday, April 1, 1999

Acknowledgment

We wish to thank the primary and secondary mortgage lenders listed below for responding to our quarterly survey of mortgage loan activity and for their willingness to continue to participate in future surveys. The list includes the major government and private providers of mortgage funds in Alaska. Some of the participants are primary mortgage lenders. That means they originate loans to keep in their own portfolios or to sell them to participants in the secondary mortgage market. Institutions such as Alaska Housing Finance Corporation and Fannie Mae operate in the secondary mortgage market, purchasing mortgages originated by primary lenders. Secondary mortgage activity is an important source of liquidity for mortgage lending. Although primary lenders and secondary purchasers differ, both provide financing for Alaskans to buy homes. For the purposes of this report, maintaining the distinction is not particularly important. Therefore, occasionally, there will be a reference to “lenders” or to “other lenders,” some of which are primary lenders and some secondary purchasers. Unless the difference is critical to the discussion, no distinctions are made.

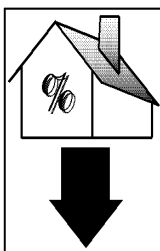
Alaska Federal Savings and Loan
Alaska Housing Finance Corporation
City Mortgage
Denali State Bank
Fannie Mae
First Bank of Ketchikan
First National Bank of Anchorage
Key Bank of Alaska
Mt. McKinley Mutual Savings Bank
National Bank of Alaska
Northrim Bank
Rural Development (formerly USDA Farmers Home Administration)
Seattle Mortgage

Executive Summary

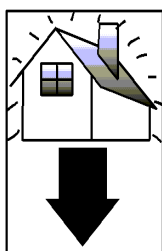
Housing Market Indicators

July-December 1998

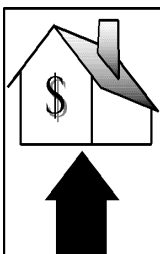
Compared with July-December of 1997



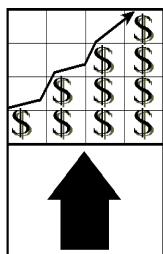
Mortgage Loan
Rates



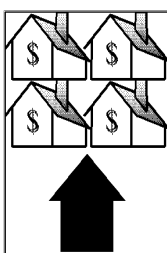
New Housing
Units
Authorized



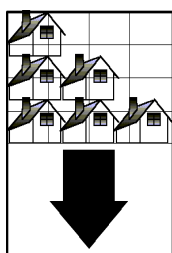
Home Prices



Wage and Salary
Income



Dollar Volume
of Loans



Affordability
Index

The housing market in 1998 continues to grow. A healthy economy and favorable interest rates continued to fuel demand for housing. Total number of loans and dollar volume increased significantly from last year. If the economy remains healthy and demand for housing continues, Alaska and the nation are likely to have another banner year in housing sales.

Statewide, the average annual interest rate for all residences, weighted by dollar loan volume, dropped from 7.79% in 1997 to 6.93%. AHFC programs offered the lowest overall rates to homebuyers during the first half of 1998, at 6.00%. AHFC rates are typically lower than average due to the special tax-exempt programs it offers to potential homebuyers.

The average sales price for a single-family home in Alaska rose 7% from the first half of 1997. In 1997, the average price for a single-family home was \$154,461, and in 1998, this price was \$168,600. For condominiums, prices fell 6.1% from \$94,874 in 1997 to \$89,051 in the first half of 1998. Home values continue to appreciate faster than the rate of inflation which grew 1.7% from the prior year's first quarter.

Average monthly wage income grew in the first half of 1998. Wages grew 2.1%, from 1997 to \$2,741. The labor market also experienced strong growth. Increases in employment were reported for most sectors of the labor force compared to the first half of 1997. Alaska is currently reporting one of the lowest unemployment rates in over 25 years.

Alaska's per-capita income rating continues to slip. In 1997, Alaska's per-capita income ranked 19th in the nation, falling below the national average. Average monthly wage also continues to lose ground when adjusted for inflation. While average monthly wage grew from 1997, the actual purchasing power of the Alaskan dollar continues to decline.

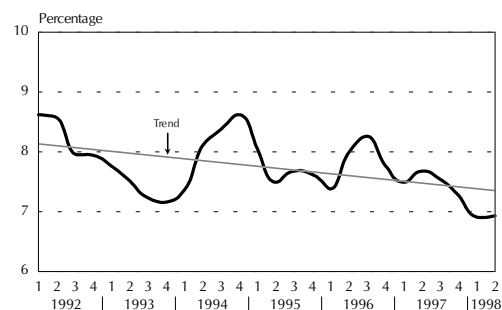
Favorable interest rates and a slight increase in average wages resulted in a decrease in the affordability index. It fell from 1.53 in 1997 to 1.44 in the first half of 1998, which meant that homes became slightly more affordable with an average of 1.44 earners required to purchase a home.

In the first half of 1998, loan activity was significantly stronger than in 1997. Total loan volume increased from \$517.6 million to \$919.8 million. The total number of loans increased from 4,085 to 7,008.

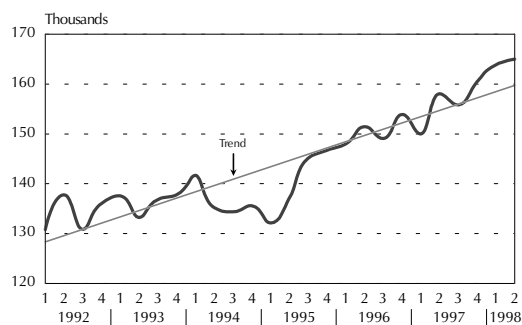
Multiple Listing Service (MLS) activity during the first half of 1998 was ahead of 1997 for all surveyed areas. Overall listing grew 1.2% and sales volume grew 11%, from \$334.5 million in the first half of 1997 to \$338.2 million. The average listing price of a MLS-listed residence increased 5.6% from \$132,710 to \$145,581 to \$153,665.

Total statewide permit issuances for the first half of 1998 were lower than the same period last year. The total number of housing units authorized fell 2.7% from 1,424 to 1,386. Most areas of the state reported declines in permitting activity. Anchorage, however, reported an increase in permitting of 15.8%. Anchorage's permitting activity accounted for 61.3% of the total statewide activity.

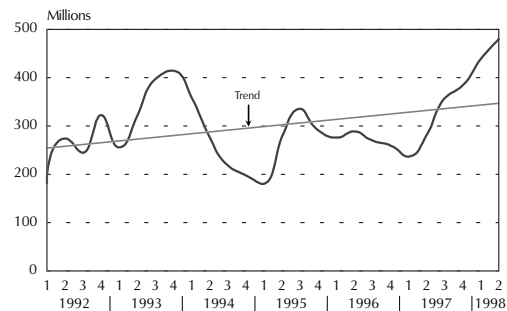
Interest Rates



Average Sales Price

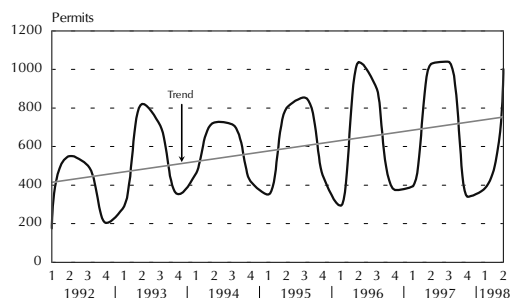


Dollar Volume of Loans



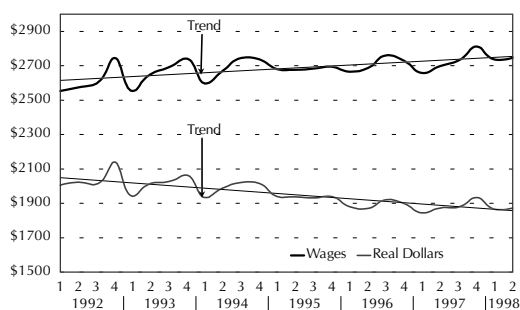
Source: Alaska Department of Labor, Research and Analysis Section.

New Housing Units



The results of the Annual Rental Market Survey show that the vacancy rates for the state of Alaska continue to decline. The statewide vacancy rate fell from 6.0% in 1997 to 5.3% in 1998. The drop in vacancy rates is principally due to the tightening of the rental market in Anchorage. Fairbanks, Ketchikan, and Wrangell-Petersburg reported the highest vacancy rates.

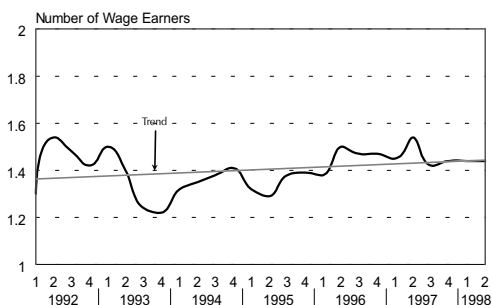
Wages



Note: "Real Wages" are wages that are adjusted for the Consumer Price Index - A Measure of Inflation

Economists are forecasting an upbeat year for 1998. Residential construction is at its highest level since 1986. Unemployment and inflation continue to remain low, and the economy is expected to benefit from gains in the transportation, oil and service sectors. Concerns exist, however, that the financial crisis in Asia, declines in oil prices, and decreases in wage income may soften a surging market.

Affordability Index



Note: The **Affordability Index** is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers.**

Source: Alaska Department of Labor, Research and Analysis Section.

The Alaska Housing Finance Corporation is a self-supporting public corporation that provides Alaskans with affordable housing finance options. As the new millenium approaches, AHFC will continue to play a major role in helping families own homes. Our commitment is to the state and citizens of Alaska.

Looking Toward 2000: Future Trends In The Housing Industry

Edited by James Wiedle with
contributions from Kris Duncan,
Mark Romick, & Bob Pickett

Editor's Note: At the time this document was being written, a major oil industry employer announced the lay-off of 600 employees. It is unknown at this time what this means for the state's economy, although it is estimated that a total of 2,000 oil field workers will be directly impacted by this action. In terms of the housing industry, experts predict that there may be an initial loosening of prices for higher-end homes that may eventually trickle down to moderate-priced homes as the full impact of the layoff is realized

As we approach the year 2000, our thoughts are filled with questions and concerns about the future of the housing industry. "Will housing continue to remain affordable?" "Will there be new methods in the design of homes?" "Will there be enough housing to meet demand?"

What does the future hold? In an attempt to answer questions about the future of housing in Alaska, information was gathered from a variety of sources on housing industry trends. Leaders in the industry also shared their thoughts about what the next ten years will bring. The results suggest that there are many changes on the horizon for the housing industry.

Changes Anticipated in Housing Demographics

Figure A-1, A-2

Household demographics play a major role in the type and quality of home a family purchases. In the next ten years, many changes are expected in the population that will significantly impact housing demand. According to the Joint Center for Housing Studies at Harvard University, we can expect to see an increase in the number of young households, aged 20-35, growth in the number of Americans over the age of 75, and a greater number of low-income households.

***From 1986 to 1987,
the percentage of
Alaskans over the age
of 40 jumped from
16% to 25%.***

In Alaska, the population is rapidly aging. From 1986 to 1987, the percentage of Alaskans over the age of 40 jumped from 16% to 25%. In 2010, this number will exceed 35%, with a greater concentration of Alaskan seniors. According to Greg Williams, chief demographer for the State of Alaska, "The most pronounced and most certain population growth during the next 27 years will be that of Alaska's elders." The graying of Alaska is expected to increase demand for "senior-friendly" housing stock, such as congregate or assisted-living facilities.

As the population ages, Alaska may see significant increases in homeownership, predominately among those who are over the age of 45. From 1986 through 1997, Alaska homeownership grew to an all-time high of 67%. As the population ages, we can expect this rate to increase. According to Williams, "Homeownership could reach 85-90% by 2010 if housing-market conditions remain favorable."

Perhaps one of the greatest challenges on the horizon concerns low-income families. These families typically have a high rent-burden, spending up to 50% of their income on rent. While there are federal programs that target this segment of the population, they typically cannot keep up with demand. According to the Joint Center for Housing Studies, a large portion of this subpopulation will continue to have unmet needs into the next decade, with homeownership remaining a remote possibility.

Another trend concerns young workers expected to enter the Alaska labor force. These workers, who represent the children of baby-boomers, are expected to begin moving into the labor force in large numbers – between 2005 and 2010. These workers will face increased competition in the labor force. Their burden of responsibility will be greater than previous generations, with an increased percentage caring for their children and their elderly parents. The increase in young and single households is expected to impact the housing market, driving up demand for multifamily housing, such as apartments and condos.

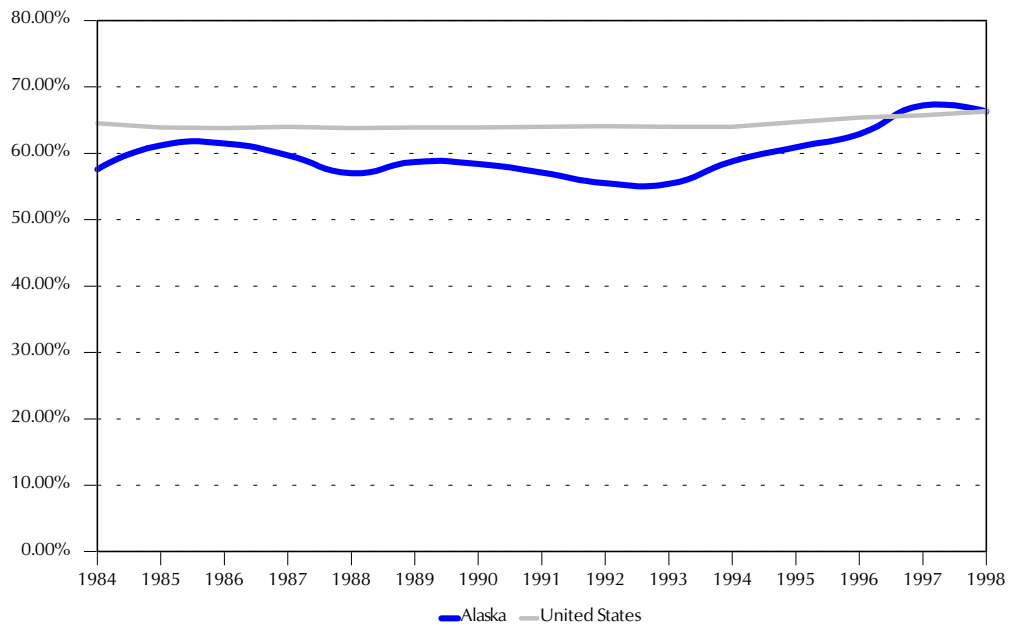
Rate of Homeownership

State of Alaska

1984 - 1998

Figure A-1

Source: U.S. Census Bureau, Housing Vacancies and Homeownership, 1998



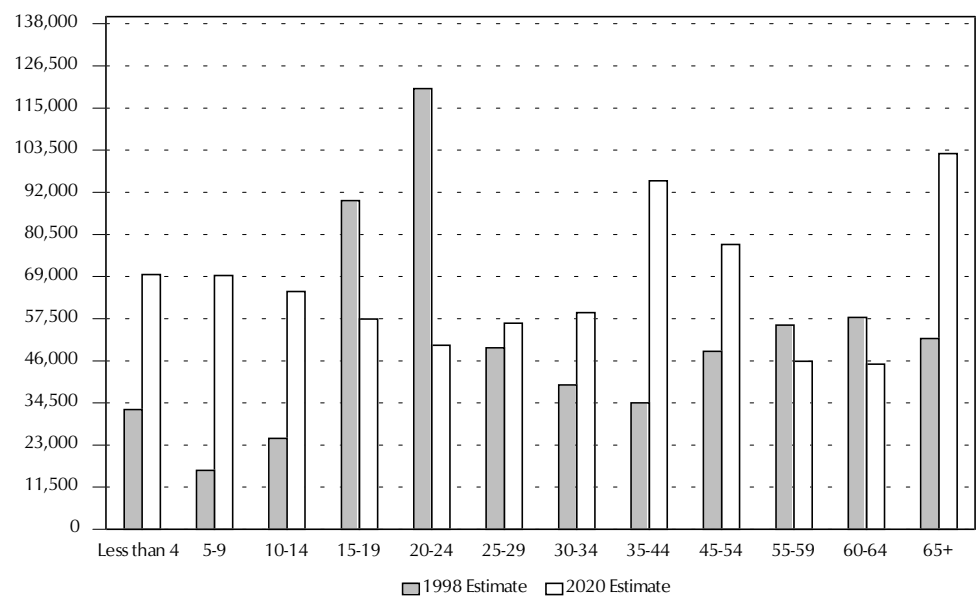
Population Projection by Age

State of Alaska

1998 vs. 2020

Figure A-2

Source: Alaska Department of Labor, Research and Analysis Section, 1998
Alaska Economic Trends



Stable Economy Key To Future Growth In Housing Industry

Figure A-3, A-4

The health of the housing market is inexplicably woven into the fabric of the Alaska economy. Throughout the 80s, when the oil patch drove the Alaska economic picture, population, income, and demand for housing soared. When there was a downturn in the economy, spurred by low oil prices, employment, wages, and demand for housing dropped. For example, at the peak of the boom in 1983, Anchorage recorded over \$618 million in residential building permits. When the market bottomed in 1989, residential permit valuation dropped to \$37 million. The total number of REOs held by AHFC exceeded 4,000, representing a substantial loss in revenue to the State of Alaska.

Unlike the 1980's, however, the 1990's witnessed slow, positive growth with gradual diversification of the economy and the labor force

Unlike the 1980s, however, the 1990s witnessed slow, positive growth with growth and diversification of the economy and the labor force. From 1990 to 1998, the economy added over 37,000 jobs in service-producing sectors. Although Alaska wages slipped on a per-capita basis, the number of working Alaskans per household increased and housing affordability remained stable. Growth in employment and favorable interest rates cultivated a steady, yet conservative, demand for housing. For example, total loan dollar volume grew from \$1 billion in 1992 to \$1.2 billion in 1997.

For the 142,972 Alaskan households that own homes, the income these households spend on mortgage and housing-related costs represent a significant contribution to the Alaskan economy. The National Home Builders Association estimates that for every 1,000 single-family homes built, 408 construction jobs are generated, \$7 million in wages is created, and \$4.2 million in tax revenue is generated. Recently, the Bureau of Economic Analysis reported that personal income in the state of Alaska exceeded \$15 billion dollars and according to the Consumer Price Index, 40% of that income will be spent on housing-related costs.

As we close the decade, Alaska, along with the nation, enjoys a relatively healthy economy. But what can we expect out of the Alaskan economy in the next ten years? According to Neal Fried, Labor Economist for the State of Alaska, "The mix of jobs in the state economy probably won't change too much over the next ten years. We will probably see continued drops in oil patch employment and depending on federal and state legislation, possible reductions in government jobs."

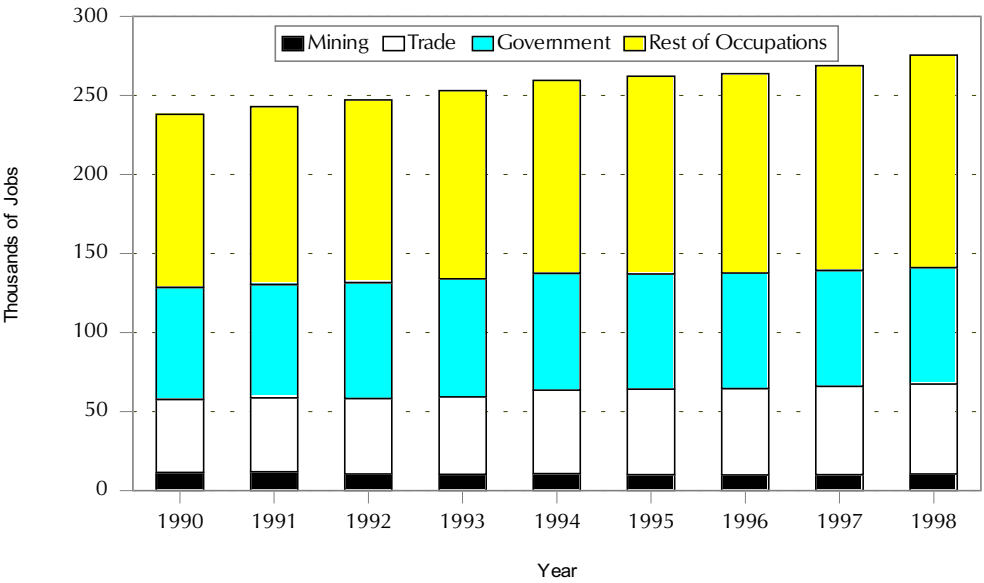
State Economic Growth

Major Employment Categories

1990 - 1998

Figure A-3

Source: Alaska Department of Labor,
Research and Analysis Section, 1998



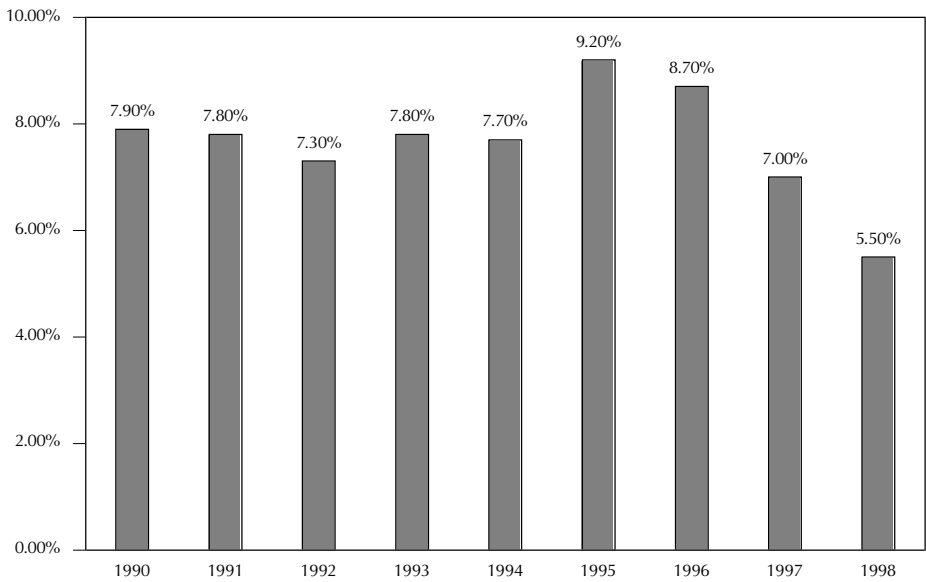
Unemployment Pattern

State of Alaska

1990 - 1998

Figure A-4

Source: Alaska Department of Labor,
Research and Analysis Section, 1998



In terms of housing, Fried believes that affordability will continue to be an issue. According to Fried, "The main points of concern are wage growth, which continues to slip on a national level, and the price of housing, which continues to rise."

Dan Fauske, CEO of the Alaska Housing Finance Corporation, states that the future of the Alaska housing market will hinge upon diversification. According to Fauske, "When the oil patch downsized in 1986, we saw a transition in the labor force. While many workers left the state, a substantial portion moved to jobs, outside the oil-patch, that paid less but were more stable. Now, we have an older more mature work force. Our per-capita income has declined, but workers are staying, contributing to the Alaskan economy. The future of the housing market will be directly related to the state's economic future. If we are to experience a healthy housing market in the next ten years, the economy will need to remain robust and diverse. " Fauske notes that the future will also be shaped by consumer confidence. "Alaskans need to have confidence that their state is doing well and that our elected officials are taking a leadership role in keeping our economy stable and strong."

"If we are to experience a healthy housing market in the next ten years, the economy will need to remain robust and diverse."

Regionally, the health of the Anchorage economy will play a major role in the future of housing in Alaska. Anchorage typically accounts for over 60% of the state's residential loan activity and holds the bulk of Alaska's housing stock. The health, future, and direction of Alaska's housing will certainly be influenced by the future of Anchorage. What kind of performance can we expect from the city of Anchorage?

According to Patricia Demarco, executive director of the Alaska Economic Development Corporation, Anchorage is expected to have strong and stable growth at least through the end of 1999. Despite recent downturns in natural resource industries, the Anchorage Economic Development Corporation forecasts 2,500 new jobs for the Anchorage economy in 1999. Overall, the service sector will lead the way with 1,030 new jobs, with several hotels scheduled to open this year. Other areas of growth will include retail and wholesale trade, transportation, communication and utility sectors. Additionally, construction will continue to remain strong.

Although it is difficult to predict what the Anchorage economy will do in the next ten years, expect to see continued, gradual growth. There are many projects and activities occurring in the city that will fuel the economy for some time to come. For example, Demarco notes that the continuing development of the Anchorage International Airport will offer opportunities for future economic growth. The health-care industry in Anchorage, with four

major hospitals in the area, will be another long-term contributor to the city's economy. Further, Demarco points out that as the cost of doing business in Alaska decreases, we may see new economic activities emerge that may not have been feasible in the past.

While job growth will bring stability to the Anchorage economy, households will garner less wage earnings than they did in the '80s.

The future of Anchorage raises important implications for the housing industry. Anchorage continues to shed goods-producing jobs, while gaining service-producing jobs. While job growth will bring stability to the Anchorage economy, households will garner lower wage earnings than they did in the '80s. For homeownership to increase, households will need housing that they can truly afford. Condominiums, multifamily units, and single-family homes with standard amenities may become increasingly more important in the future Anchorage housing market.

Continued Innovation In Building Design and Efficiency

The Alaska Housing Finance Corporation has played a major role in Alaska's movement toward energy-efficient residential design and rehabilitation. AHFC's energy efficiency mortgage, low-income weatherization, and owner-occupied rehabilitation programs have helped thousands of Alaskans purchase and live in homes that are comfortable and energy-efficient. The corporation remains committed to encouraging energy-efficiency in residential construction and rehabilitation. As we enter the next decade, the financial and environmental costs of energy consumption will increase, prompting greater interest in residential energy-efficiency.

In addition to energy-efficiency programs which encourage consumers to purchase energy-efficient homes, there has also been progress in construction, building, and contractor education. Geoffery Feiler, energy-efficiency consultant, notes that all of these have contributed to improvements in efficiency. One area that will continue to require improvement and attention is indoor air quality and ventilation strategy. Feiler says that he would like to see more effort toward improving the efficiency of domestic water-heating systems. Additionally, in areas of the state without access to natural gas, Feiler would like to see exploration of ground-source heating pumps as an alternative energy source.

With a greater number of builders focusing on energy conservation, expect to see more homes built with insulated concrete foundations, smaller windows, appropriately-sized heating systems, and larger factory-built components such as walls and roof trusses. Efficiency is also expected to improve in housing construction. The National Association of Home Builders (NAHB) predicts that we will see an increasing use of materials for construction that, in the past, may have been disposed of at the construction site. For example, engineered wood, laminated fiberboard, structural sheathing, and recycled roofing panels may make their way into the construction of new homes.

The next ten years are also expected to bring fundamental changes in accessibility design. As the elderly and special needs population grows, so will the number of homes that require accessibility enhancements and modifications. Universal design, gradual grade change, wider door openings, lever faucets, and easy egresses are expected to make life easier for people who experience disabilities.

As the elderly and special needs population grows, so will the number of homes that require accessibility enhancements and modifications.

Along with accessibility changes, expect changes in the physical appearance of new homes. NAHB predicts that there will be an increase in demand for homes with larger living areas and smaller bedroom sizes. Homebuyers are also expected to move away from “classic egg-shell” white interiors to ones that are rich with color.

National Association of Home Builders also points out that the nation is becoming increasingly concerned with the health and safety of the home environment. There is an increasing movement toward homes that are free of pollution and environmental contaminants. In the next ten years, we can expect to see an increase in the use of “safe” paints, solvents, and adhesives; the use of sealed combustion fuel-burning appliances; and the construction of homes with airtight envelopes.

Robin Ward, president of the Alaska State Home Builders Association notes that, in Alaska, housing design will continue to move away from small living areas, instead, emphasizing open space and the use of “great rooms.” Ward notes that nine-foot ceilings may be used to create the feeling of more space. Storage space will become an increasing priority, with more Alaskans demanding greater garage and heated storage space. Ward also emphasizes that the changing demographics of the Alaskan population will increase demand for accessible homes, e.g., ranch-style homes or designs with the master bedroom on the ground floor.

Continued Innovation In Building Design and Efficiency

“Now that a greater number of funding decisions have become more localized, state policies should likewise change to strengthen regional infrastructure and institutions such as boroughs.”

Rural Alaskan communities face significant challenges when it comes to housing and related infrastructure development. The now dated, 1991 Housing Needs Assessment Survey, commissioned by the Department of Community and Regional Affairs, reported that many homes in rural Alaska were overcrowded, lacked water and plumbing facilities, and were inadequately weatherized. The survey estimated, in 1991 dollars, that over \$2 billion would be needed to address these needs.

Rural housing needs are directly related to the environmental, and socioeconomic condition of small Alaskan communities. Roads, water, sewer and other community facilities must often be developed from scratch to support rural housing. High transportation, construction, and labor costs are common with rural development. The cost of housing in rural Alaska often exceeds that of urban Alaska by 30% or more. Pervasive unemployment and lack of skilled labor also impair housing development.

Many programs, including AHFC's Rural Housing Program, HUD Indian Home Program, HUD Indian Community Development Block Grants, and Department of Energy's Power Cost Equalization fund have been used to address the housing challenges faced by rural Alaska. The next ten years may bring changes in the way housing is developed and funded in rural Alaska, but the challenges are expected to remain.

One source of funding which is expected by many to address rural challenges in the next ten years is the Native American Housing and Self-Determination Act of 1996 (NAHASDA). Under NAHASDA, funds are provided to tribes or their designees in the form of a housing block grant. Designees have the flexibility to determine locally how their funds will be prioritized. According to Bruce Kovarik, Executive Director of the Alaska Association of Housing Authorities, "NAHASDA will provide a steady and predictable source of funding to assist Native Alaskans." However, Kovarik notes that the amount of funding may be insufficient to meet the need. Kovarik comments further that there should be changes in state policies that will provide rural communities with a consistent and stable source of revenue. "Now that a greater number of funding decisions have become more localized, state policies should likewise change to strengthen regional infrastructure and institutions such as boroughs."

Kovarik indicates that there are additional issues that may compound the challenges faced in the rural communities in the years to come, including changes in the way energy costs are subsidized, welfare reform legislation, and the reluctance of private banks and mortgage companies to lend in rural Alaska.

Mark Pfeffer, architect and housing developer for Koonce Pfeffer, reports that the Denali Commission may also be a source of development dollars for rural Alaska. According to Pfeffer, "The commission was developed by Alaska Senator Ted Stevens to help Alaska access federal funds for water and sewer development. Over the long term, this commission could drastically change the growth of housing and economic development in rural areas of Alaska."

"State and federal governments must continue to work together to leverage housing and community-development resources to address the unmet needs in Alaska."

Policy Changes, Affordability and Homebuyer Education Critical For Future Homeownership

Homeownership in the State of Alaska hit 67% in 1997, the highest rate ever. Attractive financing options, low interest rates, and a strong economy fueled housing demand. The contributions that innovative mortgage finance have made in the realm of homeownership cannot be overlooked either. Many financial institutions have changed the way they do business, streamlining operations, easing underwriting requirements, and providing potential homebuyers with an array of lending products.

Arlene Patton, Senior Community Builder for the Alaska State Office of the U.S. Department of Housing and Urban Development, states that Alaska's rate of homeownership is one of the highest in the nation and is a result of public and private partnership. According to Patton, "State and federal Governments must continue to work together to leverage housing and community-development resources to address the unmet needs in Alaska. Administrative, regulatory, and legal roadblocks to the effective coordination of these funds must be identified and addressed."

“Housing affordability barriers will naturally inhere in a society where the gap between lower and higher income people is increasing rather than diminishing.”

One of the greatest challenges to homeownership in the State of Alaska is affordability. The average sales price of a home throughout the 90’s has increased from \$130,000 to \$160,000. In this same period of time, the average monthly wage of an Alaskan has grown marginally, from \$2,553 to \$2,747. The purchasing power of an Alaskan dollar in 1998 is also worth 14% less than it was in 1992. If the value of Alaskan wages continues to depreciate and the sales price of a home continues to rise, Alaskans will increasingly spend a larger portion of their personal income on a mortgage.

For families who make less than average wage, however, homeownership may not even be possible. Families making less than average wages, may attempt to qualify for a lower-priced home option, such as an older single-family property, a multifamily dwelling, or a zero lot-line. However, even these lower-priced options may require a considerable debt burden for the extremely low-income family whose head of household is making less than \$15 an hour.

Eric Wohlforth, AHFC bond counsel and Permanent Fund board member, asserts that there needs to be greater effort directed toward helping low-income households achieve homeownership. According to Wohlforth, “Housing affordability barriers will naturally inhere in a society where the gap between lower- and higher-income people is increasing rather than diminishing. There should be a government/industry effort to increase homeownership at lower-income levels.”

Cynthia Parker, former director of Anchorage Neighborhood Housing Services, visions the use of several sources of federal funds in the years to come as a means of achieving homeownership for lower income families. Parker recommends using individual development accounts (escrow accounts for families transitioning off welfare) in self-sufficiency programs to improve homeownership. In terms of lending activity, Parker asserts that more funding is needed in the next ten years to preserve housing affordability.

Jim Picard, owner of Premiere Mortgage and president of the Anchorage Mortgage Bankers Association, believes that one of the greatest obstacles to homeownership is closing cash. According to Picard, “Young families earning average wages are often unable to build their savings up to the requisite level. Programs that allow gifts from “Mom and Dad” have been helpful, but more innovative programs and products are needed to help those who may not have a family on whom they can rely for help.”

Many leaders in the housing industry also emphasize the need for homebuyer education. Jim Picard, believes that homebuyer education is helping the lending process and will result in a reduction in mortgage default rates, assuming that the economy remains stable. Piccard states that his clients, who have attended AHFC's HomeChoice class appear about "six notches" above those who have never participated in the class. Eric Wohlforth states that, "Homebuyer-education programs should be specifically targeted to, and become part of, a high school education. The industry should make an effort to familiarize potential homebuyers with the dynamics of home acquisition."

Even as homeownership rates climb, there still will be a need for affordable rental housing.

Land Scarcity, High Homeownership, and Federal Projects May Increase Demand For Affordable Multifamily Units

A variety of changes ahead on the horizon may increase demand for multifamily units in Alaska. In the largest city, Anchorage, available land is becoming scarce, while housing demand continues. These factors may drive the construction of new multifamily units for purchase in Anchorage. According to Niel Thomas, CCIM, CRS, of Fortune Properties, "Looking into the next decade, the availability of developed building sites will greatly impact housing affordability. With a \$60,000 base price for a single-family lot, multifamily and higher-density developments will become more common in the Anchorage residential marketplace."

Mark Pfeffer of Koonce/Pfeffer, notes that even as home ownership rates climb, there will still be a need for affordable rental housing. An increase in homeownership rates will decrease the number of renters in the market. He believes that in order for more market-rate rental housing to be developed, government programs will be needed to ensure the affordability of the apartments.

Pfeffer also reports that a military housing program being implemented around the country will have a major impact on Alaska. With several hundred bases scheduled for new housing in partnership with the private sector, this will be an emerging area of multifamily construction. A total of 300 new units of rental housing may be developed on Anchorage bases alone.

Many Challenges and Opportunities on the Horizon

Many changes in store for the housing industry as we move into the next millennium. The economy continues to grow, shedding oil jobs and gaining service-sector jobs. Our population is maturing, with Alaskans rapidly approaching middle age, and homeownership is rising.

There are many challenges that lie before us. Our economy continues to diversify, but with this diversification comes a loss of wage income that will make it increasingly more difficult for working-class families to purchase or rent homes. With our rapidly growing elderly population, there will be a greater need for assisted and independent living facilities. Rural Alaska will also continue to face significant infrastructure barriers in the design and rehabilitation of housing. Lastly, we have not even considered the impact that technology may have on the housing industry. For example, changes in telecommunications may completely change the role of the realtor, and computer technology may revolutionize the way energy-efficient homes are designed.

While there is much to do, we must not forget how far we have come in providing Alaskans with safe, sanitary, and decent housing.

Section 1

Results of the Quarterly Survey of Alaska Lenders

Housing Market Shows Strong Growth in the First Half

Tables 1-1 to 1-2

The Alaska housing market witnessed strong growth in the first half of 1998. Loan volume nearly doubled, wage income grew, and the average sales price of a home moved upward. Substantial reductions in interest rates were also reported, with lenders offering mortgage financing almost one percentage point lower than their rate offerings in the same period last year.

The crux of housing-market activity occurred principally within Anchorage. Anchorage accounted for almost one-half of the single-family loan activity in the state of Alaska. Anchorage continues to report a healthy economy, with commercial, residential, and public construction activity approaching near-record levels.

Loan Volume Nearly Doubles

Total loan volume in the first half of 1998 nearly doubled when compared with 1997. Demand for single-family housing contributed largely to this increase. Single-family home loan volume represented 97% of the total loan volume. However, both loan volume for single-family homes and condominiums increased when compared to 1997.

- Total single-family home loan volume rose from \$500.8 million in the first half of 1997 to \$890.7 million in 1998.
- Total condominium loan volume jumped from \$16.8 million in the first half of 1997 to \$29.1 million in 1998.

The bulk of the growth in loan volume occurred primarily within the Municipality of Anchorage. Anchorage's economy continues to report low unemployment and wage growth. Increases in the construction industry appear to be the primary driver of the Anchorage economy. According to the Alaska Department of Labor, residential, commercial, and public construction are at their highest levels since the 1980s building boom.

The increase in total loan volume can be explained by the increase in the total number of loans issued in the first half of 1998, increasing from 4,085 in the prior year to 7,008.

- For single-family homes, the number of loans climbed 71.5% to 6,646.
- The number of condominium loans grew 72.4% to 362.

Single-Family Loan Activity Summary

Including AHFC, Selected Areas

1st Half 1998

Table 1-1

Location	Number of Loans	Average Loan	Total Loans	% Loan Volume	Average Sales Price	Total Sales Price	% Total Market Value
Anchorage	3,702	\$141,639	\$524,348,211	58.9%	\$176,383.63	\$652,972,193	58.3%
Mat-Su	714	\$112,886	\$80,600,853	9.0%	\$143,873.41	\$102,725,615	9.2%
Fairbanks	743	\$117,034	\$86,956,320	9.8%	\$146,865.40	\$109,120,993	9.7%
Kenai	515	\$109,332	\$56,306,204	6.3%	\$140,799.88	\$72,511,936	6.5%
Juneau	377	\$154,211	\$58,137,601	6.5%	\$204,629.34	\$77,145,260	6.9%
Ketchikan	113	\$140,042	\$15,824,690	1.8%	\$178,962.28	\$20,222,738	1.8%
Kodiak	113	\$146,930	\$16,603,114	1.9%	\$175,639.88	\$19,847,306	1.8%
Rest of State	369	\$140,662	\$51,904,352	5.8%	\$178,783.89	\$65,971,255	5.9%
Statewide Total	6,646	\$134,018	\$890,681,345	100.0%	\$168,600	\$1,120,517,296	100.0%

Note: Based on survey of 14 private and public mortgage lenders.

Source: Alaska Department of Labor, Research and Analysis Section.

Condominium Loan Activity Summary

Including AHFC, Selected Areas

Table 1-2

1st Half 1998

Note: Based on survey of 14 private and public mortgage lenders.	Location	Number of Loans	Average Loan	Total Loans	% Loan Volume	Average Sales Price	Total Sales Price	% Total Market Value
Source: Alaska Department of Labor, Research and Analysis Section.	Anchorage	308	\$78,002	\$24,024,578	82.5%	\$85,803	\$26,427,175	81.98%
	Mat-Su	1	\$114,300	\$114,300	0.4%	\$125,730	\$125,730	0.39%
	Fairbanks	10	\$69,436	\$694,360	2.4%	\$78,940	\$789,399	2.45%
	Kenai	3	\$64,392	\$193,175	0.7%	\$68,985	\$206,955	0.64%
	Juneau	35	\$103,151	\$3,610,271	12.4%	\$118,035	\$4,131,232	12.82%
	Ketchikan	1	\$105,200	\$105,200	0.4%	\$150,000	\$150,000	0.47%
	Kodiak	3	\$97,454	\$292,363	1.0%	\$107,200	\$321,599	1.00%
	Rest of State	1	\$84,293	\$84,293	0.3%	\$84,293	\$84,293	0.26%
	Statewide Total	362	\$80,438	\$29,118,540	100.0%	\$89,051	\$32,236,383	100.00%

Average Single-Family Sales Price Continues to Rise

Figure 1-1

The statewide average price for single-family homes, based on mortgage activity from statewide lenders, rose from \$157,461 in the first half of 1997 to \$168,600 in 1998, or 7.1%. During the same period, condominium prices decreased 6.1% from \$94,874 to \$89,051.

Regionally, all areas of the state reported higher sale prices for single-family homes during the first six months of 1998, except Kodiak.

- Home prices in Kodiak fell 6.3% from the prior year.
- Although Kenai posted the strongest gains, it remained the least expensive area in the state at \$140,800, followed by Mat-Su at \$143,873 and Fairbanks at \$146,865.
- Juneau continued as the most expensive region at \$204,629 with Ketchikan as the second highest at \$178,962.

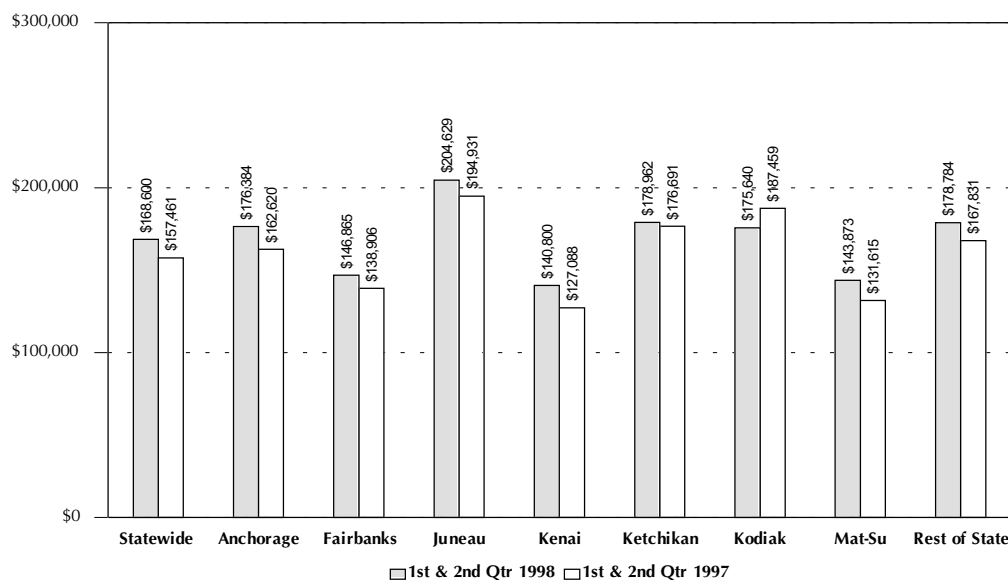
According to the National Association of Realtors, the national median purchase price of a new home in the first half of 1998 was \$150,050. The average purchase price of a home in Alaska was \$179,450. Using a constant-quality model where the physical characteristics of the home are held constant, house prices have increased 2% from last year, a one-half percentage point higher than the current rate of inflation.

Average Sales Price*

Single-Family Homes

1st and 2nd Qtr 1998 vs. 1st and 2nd Qtr 1997

Figure 1-1



Source: Alaska Department of Labor, Research and Analysis Section.

Note: The average sales price of a home can increase substantially if there is an increase in purchasing of higher-priced homes.

Loan-to-Value Ratios and Third-Party Guarantees Decline

Figure 1-2

The overall loan-to value ratio (LTV) dropped significantly from the prior year's first half, with the ratio slipping from 82.2% in 1997 to 79.8%. The LTV also declined for single-family homes (82.1% to 79.5%), but rose for condominiums (84.4% to 90.3%). The overall LTV also fell from 82.7% in the second quarter of 1997 to 79.0% in the 1998 quarter.

Of the total number of loans made in Alaska in the first half of 1998, 35.0% were insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Housing and Urban Development (HUD), or by private mortgage insurance (PMI). Nationally, FHA, VA, and PMI guarantees were issued for 1.3 million mortgages in the first half of 1998. Thirty-eight percent of the guarantees were through HUD, 13% through VA, and the remaining 49% were through private mortgage insurance.

Recently, the Homeowners Protection Act of 1998 was enacted which automatically cancels private mortgage insurance for homeowners who achieve 22 percent equity. Homeowners pay for mortgage insurance to protect lenders from defaults. Once homeowners have achieved enough equity in their home, there is less risk of the homeowner defaulting on the mortgage and, correspondingly, less exposure for the mortgage originator.

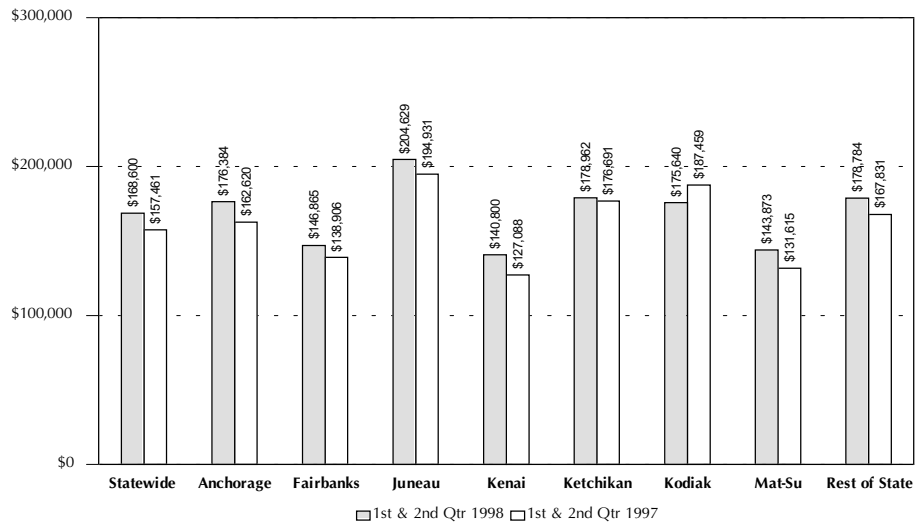
Average Loan-to-Value Ratios

Single-Family Homes

Figure 1-2

1st and 2nd Qtr 1998 vs. 1st and 2nd Qtr 1997

Source: Alaska Department of Labor,
Research and Analysis Section.



All Lenders Report Drops in Interest Rates

The overall average interest rate, weighted by dollar loan volume, declined from 7.79% in the first half of 1997 to 6.93%. Interest rates dropped for single-family homes (7.80% to 6.95%) and condominiums (7.66% to 6.51%). All lenders reported a drop in interest rates from the prior year.

The Alaska Housing Finance Corporation's overall rates averaged 6.00% for the first six months of 1998. Non-AHFC loans averaged 7.17%. AHFC's rate was lower due to the variety of special programs they offer to potential homebuyers.

The nationwide trend paralleled the statewide trend as national rates declined from 7.80% in the first half of 1997 to 7.21% in 1998. Compared to the prior-year quarter, interest rates were also lower in 1998 than 1997, averaging 7.21% and 7.89%, respectively.

The current activity by the Federal Reserve Board to reduce short-term interest rates is not expected to have a substantial impact on mortgage rates. According to the Bank Rate Monitor, mortgage rates will probably remain stable for the rest of the year, even if short-term interest rates continue to drop. With home sales and refinancing activity remaining strong, lenders may not need to attract additional business by reducing interest rates.

Wage Income Increases Marginally

Figure 1-3



average monthly wage grew from \$2,684 in the first half of 1997 to \$2,741 in the first six months of 1998.

- Ten areas of the state reported lower wages, including Ketchikan (-4.3%), Prince of Wales-Outer Ketchikan (-3.1%), and Southeast Fairbanks (-3.1%).
- Areas with wage increases were Denali (14.7%), Yakutat (12.6%), Valdez-Cordova (9.1%).
- Anchorage posted a 1.96% gain above the prior year.

Homes Become More Affordable For Alaskans

Figure 1-4



homes became more affordable for Alaskans in the first half of 1998. The Alaskan Affordability Index for single-family homes dropped from 1.53 in 1997 to a preliminary 1.44. This meant that to qualify for a 30-year single-family home mortgage with 15% down and an interest rate of 6.95%, households would need slightly less than one and a half earners receiving the average wage. The statewide Affordability Index also fell for condominiums from 0.98 in 1997 to 0.73 in 1998.

A decline in interest rates and an increase in gross wages both contributed to housing affordability. These two components offset the increase in the average sales price of a single-family home. Regionally, all areas except Mat-Su had lower affordability indices than the prior year:

- Mat-Su reported an incrementally higher (1.51 vs. 1.52) index mostly due to lower average wages.
- Kenai continued to be the most affordable area (1.33) in the state, primarily due to having the lowest average price homes. The next most affordable area was Fairbanks, which reported an affordability index of 1.39, down from 1.48 in 1997.
- Kodiak was again the least affordable area in the state, with an affordability index of 1.96, and Juneau being the next least affordable at 1.83. Kodiak's affordability was hampered by low average income compared to the other surveyed areas.

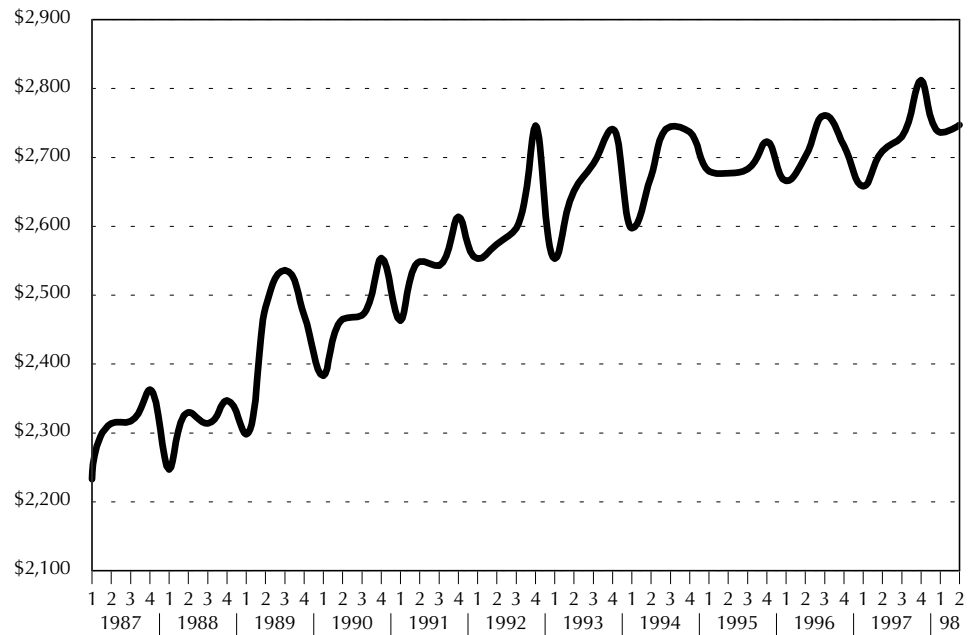
Average Monthly Wage

Statewide

1st Qtr 1987 - 2nd Qtr 1998

Figure 1-3

Note: Data for the 2nd Quarter 1998 is preliminary.
Source: Alaska Department of Labor, Research and Analysis Section.



Alaska Affordability Index*

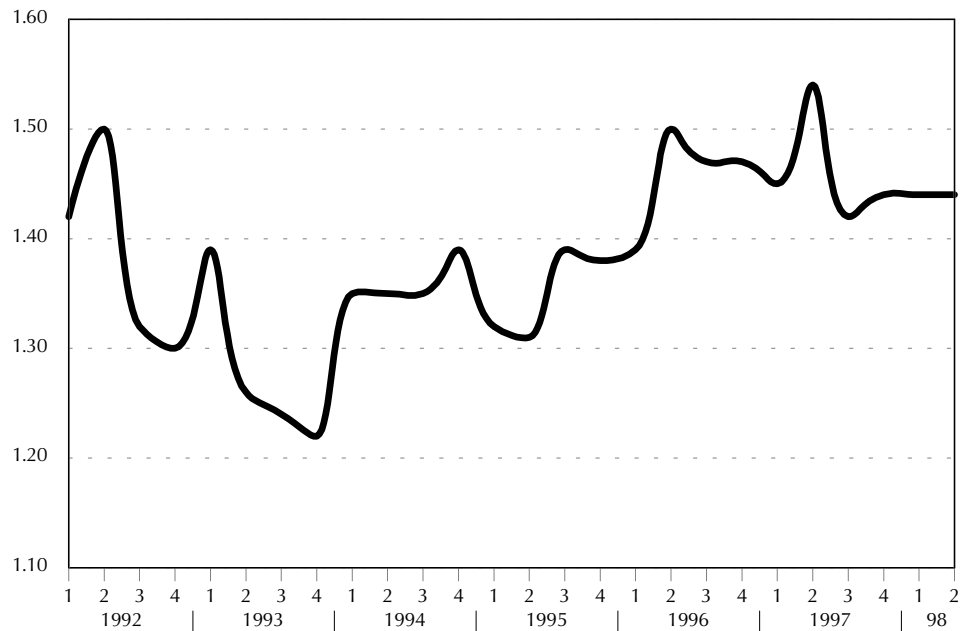
Single-Family Homes, Private and Public Agency Lenders

1st Qtr 1992 - 2nd Qtr 1998

Figure 1-4

* Note: The Affordability Index is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers**. Data for the 2nd Quarter 1998 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.



National Affordability Improves

Figure 1-4

The national Housing Affordability Index compiled by the National Association of Realtors' (NAR) rose from 127.8 in the first half of 1997 to 132.6 in 1998. Similar to the Alaska Affordability index, the national Affordability Index also indicated it was easier to afford a home in 1998 due to higher incomes and lower interest rates. Regionally, there was no change in the year-ago ranking on a nationwide basis:

- The Midwest remained the most affordable with an index ratio of 100.1, while the West was the least affordable at 158.9.
- Compared to June 1997, median home prices were up in all areas, with the Midwest having the greatest increase at 9.4% and the Northeast the least at 5.2%.
- Highest home prices were \$174,400 in the West during June 1998, while the Midwest had the lowest median prices at \$118,600.

According to the Harvard University Joint Center for Housing Studies, the amount used toward a home payment as a portion of the family budget has fallen from a peak of 34%, when interest rates topped 14%, to about 22% of income last year. With home mortgage rates nearing their lowest rates of the decade and home prices moderately appreciating, a greater number of potential homebuyers are finding homeownership within their grasp.

Quarterly Survey of Alaska Lenders Historical Data Tables Available On The Internet

Readers can obtain up-to-date historical data from the *Quarterly Survey of Alaska Lenders* on the Alaska Housing Finance Corporation's Web Page under the "Download" section. The address for the page is www.ahfc.state.ak.us.

The historical data tables cover loan activity for single-family homes and condominiums from seven Alaska communities. A category for the entire state is also included.

Section 2

AHFC Residential Loan Portfolio

AHFC's Loan Portfolio Activity Increases

Figures 2-1 and 2-2

A HFC's total loan activity for the first half of 1998 almost doubled when compared to the prior year. Total loan volume rose from \$93.9 million in 1997 to \$186.4 million.

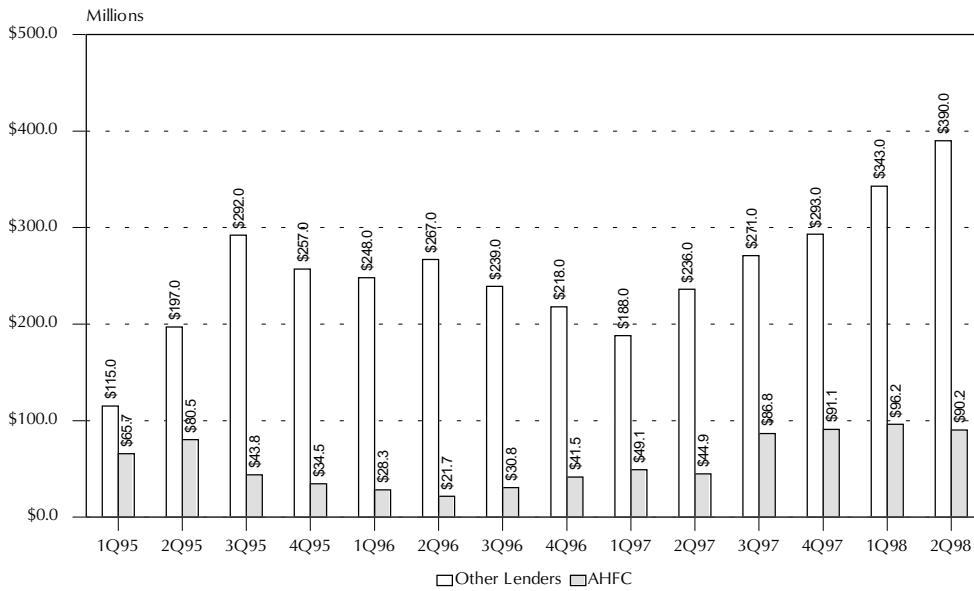
- Single-family home loan volume was up 94.4% from \$87.6 million to \$170.3 million, while condominium volume grew by 157.6% from \$6.2 million to \$16.1 million.
- AHFC's total volume represented a 20.3% share of total statewide loan volume, which was slightly higher than the 18.1% share in the prior-year period.
- Both single-family and condominium loans were up for AHFC (80.2% and 133.0%).
- Compared to the prior year, total AHFC loans were 86.1% higher, rising from 807 in 1997's first half to 1,502 in 1998.

Dollar Volume of AHFC Loans By Total Loan Volume

Single-Family Homes and Condominiums

1st Qtr 1995 through 2nd Qtr 1998

Figure 2-1



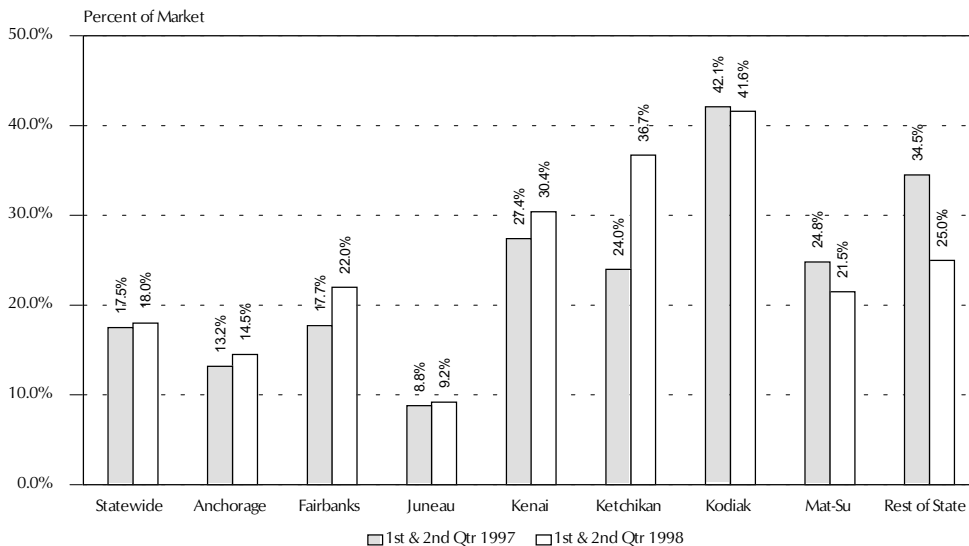
Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

AHFC Market Share of Single-Family Homes

Based on Dollar Loan Volume

1st and 2nd Qtr 1998 vs. 1st and 2nd Qtr 1997

Figure 2-2



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

- The greatest number of loans were reported in Anchorage, with 437 loans originated for single-family homes and 210 loans for condominiums.
- In the Mat Su Valley, 172 loans were originated for single-family homes.
- AHFC originated 96 loans for single-family homes in Fairbanks.
- The majority of loans originated by AHFC were insured through PMI (Private Mortgage Insurance) – 40% or FHA – 36%.
- Forty-six percent of the loans were financed through the First-Time Homebuyer Loan Program. Sixteen percent of the loans were financed through the Veterans Mortgage Program and 18% were financed through AHFC's Rural Program.
- AHFC refinanced 583 single-family homes and 55 condominiums in the first half of 1998.

AHFC's Rural Portfolio Gains Ground

Figures 2-3 and 2-4



AHFC's residential loans can be categorized geographically by urban and rural portfolios. During the first half of 1998, both types of loans grew significantly when compared to the prior year:

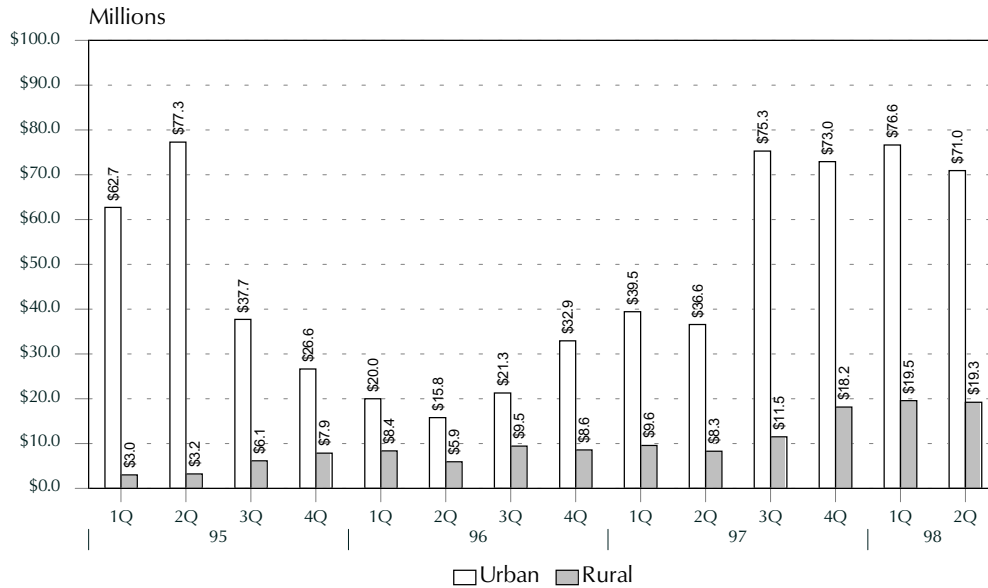
- AHFC's urban portfolio accounted for more than four-fifths (79.2%) of the total loan volume during the first six months of 1998, compared to 81.0% during the prior-year period.
- The urban portfolio volume almost doubled (94.2%) from \$76.0 million in 1997's first half to \$147.6 million in 1998.
- The rural portfolio was even stronger than the urban portfolio, as the statewide share expanded from 19.0% to 20.8% due to posting a 117.7% gain from the \$17.8 million in 1997 to \$38.8 million in 1998.

AHFC Dollar Volume of Urban and Rural Loans

Statewide

1st Qtr 1995 through 2nd Qtr 1998

Figure 2-3



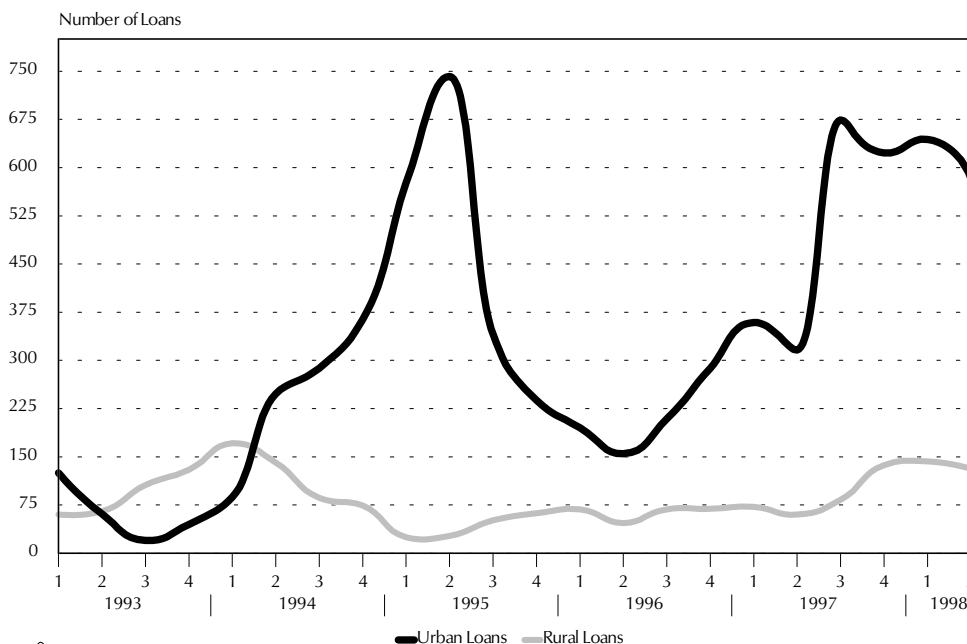
Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

AHFC Loans Purchased

Urban vs. Rural

1st Qtr 1993 - 2nd Qtr 1998

Figure 2-4



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

Average Sales Prices and Loan Amounts

Table 2-1, Figure 2-5

During the first six months of 1998, overall AHFC sales prices averaged \$138,024, a 6.2% increase from last year. Single-family homes averaged \$147,183, while condominium sales prices averaged \$82,294. Non-AHFC lenders saw single-family homes rise 4.3%, from \$165,865 to \$172,93. Average condominium sales price dropped by 22.6%, from \$117,203 to \$90,720.

Single-family sales prices continued to be higher for rural loans (\$162,766) than for urban loans (\$142,981) by 13.8% during the first half of 1998. There were no condominium loans in the rural portfolio for any periods.

The average AHFC loan was \$124,101, which was 6.7% above the same period last year. The average single-family loan rose 7.9% to \$132,033, while condominiums averaged \$75,832, up 9.4%.

The greatest percentage of loan activity occurred for condominiums and single-family homes in the range of \$80,000 - \$120,000. Sales in this range accounted for 30% of AHFC's loan portfolio. This activity can be attributed largely to AHFC's tax-exempt First-Time Buyer Loan Program, which comprised over 70% of the loan activity in this price range.

AHFC's tax-exempt programs are designed to create homeownership for low-to-moderate-income borrowers. These programs typically have federal regulations which restrict the total home purchase price that a borrower may qualify for. Recent changes in these regulations, however, may allow homebuyers to qualify for homes with higher purchase prices.

Price Range Summary AHFC Condominium and Single-Family Loans

Table 2-1

1st Half 1998

Source: Alaska Housing Finance Corporation

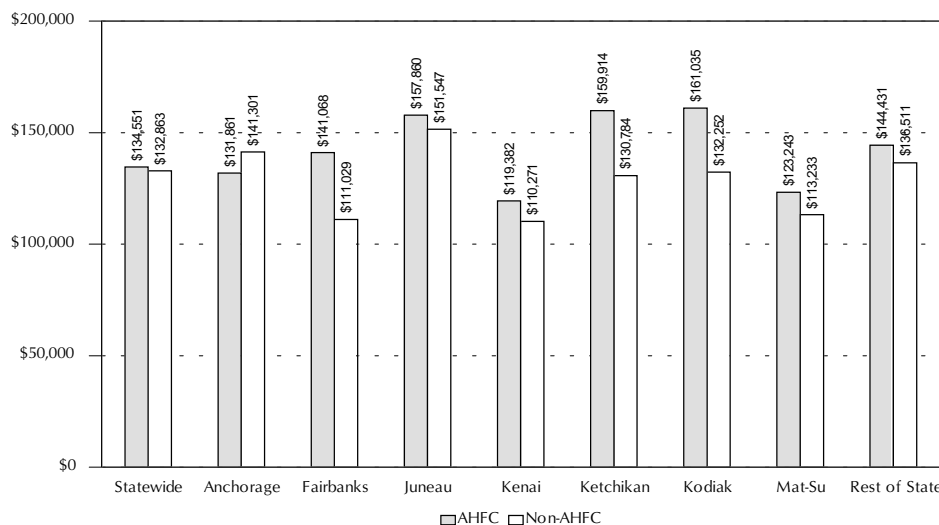
House Purchase Price Range	Number of Loans	Average Income Of Buyer	Median Total Purchase Price	Average Loan-To-Value Ratio	Number of First-Time Homebuyers	Total Loan Volume
Less Than 80,000	237	\$2,867	\$47,599	85.7	180	\$14,606,668
80001 - 120,000	553	\$3,640	\$100,019	92.5	393	\$55,384,128
120,001 - 140,000	181	\$4,631	\$129,961	92.4	46	\$23,355,300
140,001 - 160,000	238	\$5,190	\$149,967	92.4	78	\$35,725,844
160,001 - 180,000	110	\$6,423	\$169,952	91.8	0	\$18,628,194
180,001 - 200,000	71	\$6,949	\$190,009	93.6	0	\$13,389,619
200,001 - 220,000	56	\$8,020	\$209,851	90.7	0	\$11,623,738
Greater Than 220,000	56	\$12,131	\$281,658	83.7	0	\$14,613,191

AHFC and Non-AHFC Average Loan Amounts

Single-Family Homes

2nd Qtr 1998

Figure 2-5



Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

AHFC Homebuyers Earned 60-80% of Median Income

Table 2-2

Median family income refers to the total amount of income that a family of four typically earns yearly. This income figure is updated annually by the U.S. Department of Housing and Urban Development and is used to determine, among other things, if homebuyers qualify for certain tax-exempt mortgage programs. For 1998, the State of Alaska Median Family Income is \$59,200 or \$4,966 a month.

In the first half of 1998, the majority of single-family and condominium loans originated by AHFC were for borrowers that earned between 60% and 79% of median family income. Homebuyers in this income range accounted for 24% of the total 1,502 mortgages in AHFC's portfolio in the first half of 1998. The median home purchase price for this income range was \$101,937.

- Borrowers who earned 100% -119% of Median Family Income purchased homes with a median price of \$151,269.
- The greatest amount of loan volume activity, \$37 million, occurred for homebuyers who earned 160% or greater of Median Family Income. The median purchase price of a home for these borrowers was \$197,536.

Income Summary

AHFC Condominium and Single-Family Loans

Table 2-2

1st and 2nd Quarter 1998

Source: Alaska Housing Finance Corporation

Monthly Income	State Median Family Income	Number of Loans	Median Purchase Price	Average Loan-To-Value Ratio	Number of First-Time Homebuyers	Total Loan Volume
Less than \$899	Less Than 20%	0	N/A	N/A	N/A	N/A
\$899 - \$1795	20 - 39%	40	\$58,655	73.2	34	\$2,082,463
\$1796 - \$2694	40 - 59%	223	\$88,610	89.4	187	\$18,253,558
\$2695 - \$3592	60 - 79%	356	\$101,937	94.2	268	\$37,042,016
\$3593 - \$4490	80 - 99%	275	\$118,885	94.1	159	\$33,597,475
\$4491 - \$5389	100 - 119%	195	\$151,269	91.3	44	\$25,320,237
\$5390 - \$6287	120 - 139%	125	\$133,832	93.3	4	\$19,325,367
\$6288 - \$7184	140 - 159%	89	\$173,788	88.6	1	\$14,559,683
\$7185 and Up	160% and Up	199	\$197,536	85.9	0	\$37,145,883

Median Purchase Price of Single-Family Homes and Condominiums

Figure 2-6



ompared to 1997, the median sales price rose for both single-family homes with and without garage for the first half of 1998.

Single-family homes with garage rose from the prior year level of \$131,561 to \$150,213, a gain of \$18,652 or 14.2%. The structural component accounted for most of the overall increase, rising 16.2% from \$101,283 to \$117,740, or \$16,456. The land portion of the price increased 7.3%, or \$2,196, to \$32,473. The price per square foot, based on the structural costs only, was \$81.99 for homes with garage in the first half of 1998 compared to \$74.91 in 1997.

For single-family homes without garage, overall prices rose 6.6% due to both components rising in the first half of 1998. The total price grew from \$101,450 in the first half of 1997 to \$108,150 in the first half of 1998. Structural prices gained 7.6% (\$75,978 to \$81,785) over 1997, while land costs increased 3.5% (\$25,510 to \$26,415). For homes without garage, the average price per square foot was \$92.24 for the first six months versus \$89.42 a year ago.

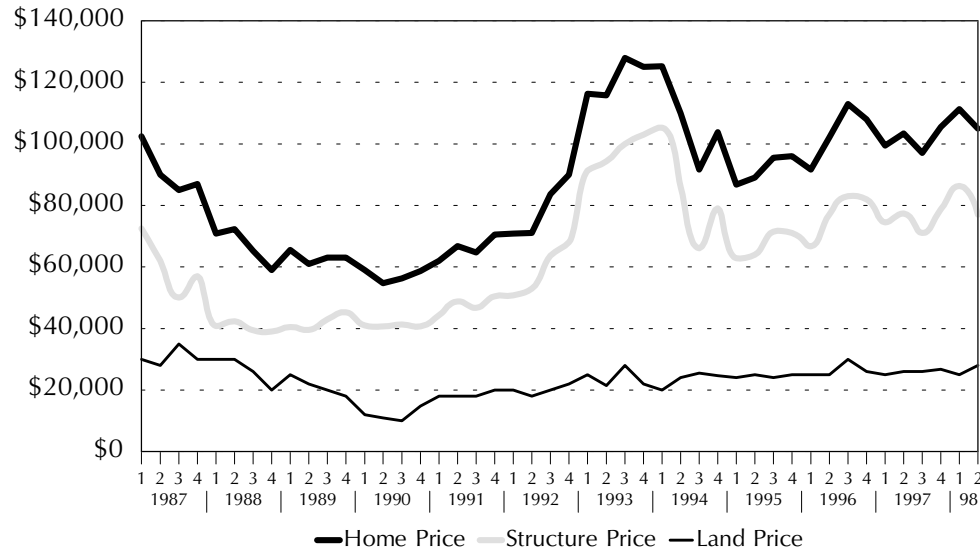
Condominiums saw sale prices increase from \$75,720 in the first six months of 1997 to \$79,486, or 5.0%. Quarterly comparisons showed median prices posting a slight decline of 1.2% from \$82,000 to \$81,000.

Median Purchase Price of Homes and Condominiums

AHFC Single-Family Homes with/without Garage and Condominiums

1st Qtr 1987 - 2nd Qtr 1998

Figure 2-6

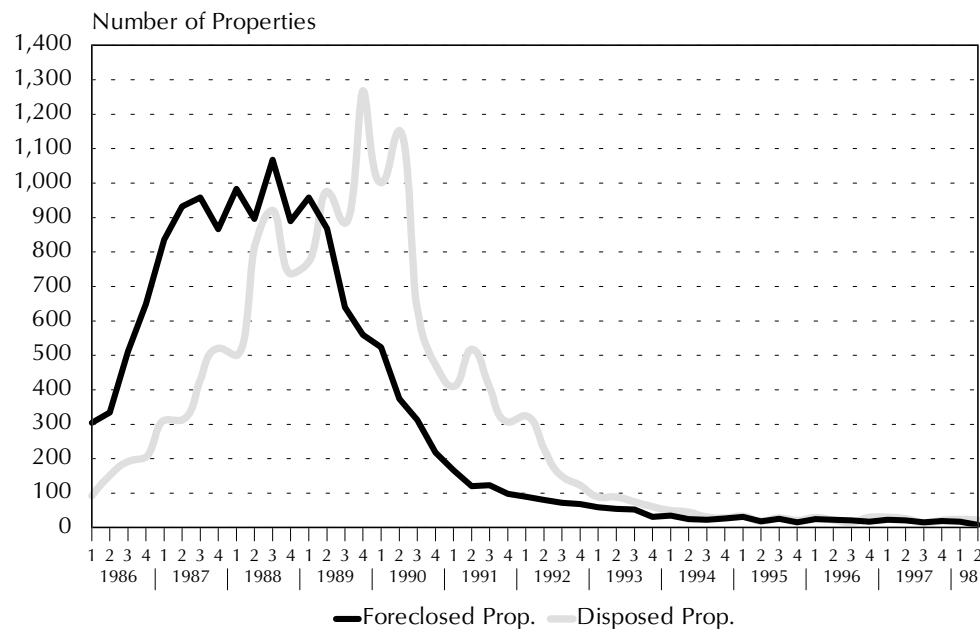


AHFC Foreclosures and Disposals

Statewide

1st Qtr 1986 through 2nd Qtr 1998

Figure 2-9



AHFC Foreclosures, Disposals and REO Inventory

Figure 2-9

A AHFC foreclosures and disposals fell during the first half of 1998 compared with the prior-year levels. Foreclosures dropped from 44 in the year-ago period to 25 in 1998. Disposed properties declined slightly from 55 to 31. Compared to the prior-year quarter, foreclosures declined from 21 to 8 and disposals decreased from 26 to 22.

AHFC's real-estate-owned (REO) inventory of all property types fell from 33 in June 1997 to 12 in June 1998. This was considerably below the peak of 4,738 properties eight years ago.

Alaska Multiple Listing Service Information

MLS Activity Reaches \$371 Million

Tables 3-1 to 3-6

Overall activity during the first half of 1998 for both single-family homes and condominiums increased from the prior year in most of the surveyed areas. According to data supplied by the Multiple Listing Service (MLS) in Anchorage, Fairbanks, Mat-Su, and the Kenai, total MLS sales volume rose 11.1%, from \$334.5 million for the first six months of 1997 to \$371.7 million in 1998.

- The total number of sales rose from 2,456 to 2,599, or 5.8%.
- Listings grew by 5.1%, while days-on-the-market fell by 7 days.
- For single-family homes, total sales volume expanded from \$303.5 million in 1997's first half to \$338.2 million in 1998, or 11.4%.
- The total number of sales went up 5.6% from 2,085 to 2,201.

- The average sales price for single-family homes rose from \$132,586 in 1995 to \$140,089, or 5.7%.
- Condominium average prices declined 2.7%, from \$82,325 to \$80,125.
- Overall listings grew by 1.2% and days-on-the-market fell from 116 to 111 days.
- The average sales price rose 5.6% from \$145,581 to \$153,665.

MLS activity was strong in Anchorage and the Mat-Su Valley. The southcentral region of the state continues to drive the Alaska economy with strong activity in construction and service sectors.

- Anchorage reported higher numbers than the prior year, with single-family sales volume increasing 12.6% from \$224.9 million to \$253.3 million, and the number of sales up 7.9% from 1,415 to 1,527.
- Mat-Su continued to report strong activity, with sales volume one-third greater (30.0%) than the first half of 1997. Volume expanded from \$36.3 million to \$47.2 million, and sales increased by 17.8% from 309 to 364.

Since there was no data for Fairbanks due to computer problems, the condominium activity summary will be restricted to Anchorage. Since Anchorage historically accounts for approximately 95% of the statewide total, the exclusion of Fairbanks should have minimal impact on the analysis.

- Anchorage's MLS activity for condominiums was stronger than the prior year. Sales volume rose 8.4% from the prior year first half, while the total number of sales grew by 7.3%.
- Listings increased by 27.9% and days-on-the-market fell from 114 in 1997 to 92.
- Sales prices increased from \$83,403 to \$84,243, or 1.0%.

Comparisons with the prior-year quarter were stronger for single-family homes but weaker for condominiums in 1998 than 1997.

- The number of single-family home sales rose 0.4%, and sales volume increased 6.6% from \$186.7 million in 1997 to \$198.9 million. Both listings and days-on-the-market were down, but sales prices rose 6.1% from \$145,836 to \$154,801.

Municipality of Anchorage

Single-Family Residential Listings and Sales

Table 3-1

1st Qtr 1994 through 2nd Qtr 1998

Source: Anchorage Multiple Listing Service.	Qtr/Yr	Active Listings			Sales Closed			
		YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
	2Q1998	1869	915	90	851	142,788,756	167,789	98.72
	1Q1998	954	954	108	676	110,483,046	163,436	96.58
	4Q1997	4645	969	116	897	145,247,808	161,926	97.76
	3Q1997	3676	1,276	108	1,069	174,426,311	163,168	98.10
	2Q1997	2400	1,326	98	846	133,806,815	158,164	97.35
	1Q1997	1074	1,074	120	569	91,134,000	160,165	97.35
	4Q1996	4405	995	105	799	125,108,297	156,581	98.13
	3Q1996	3410	1,264	98	861	133,201,533	154,706	97.23
	2Q1996	2146	1,198	91	837	132,573,864	158,392	97.71
	1Q1996	948	948	105	521	80,345,780	154,215	98.38
	4Q1995	4213	1,055	86	683	102,957,448	150,743	98.12
	3Q1995	3158	1,231	74	824	124,030,339	150,522	97.97
	2Q1995	1927	1,069	71	663	102,995,479	155,348	100.60
	1Q1995	858	858	83	674	91,268,540	135,413	98.34
	4Q1994	4521	1,130	128	712	102,721,276	144,271	98.32
	3Q1994	3391	1,417	99	753	118,103,522	156,844	102.06
	2Q1994	1974	1,154	66	648	109,685,511	169,268	111.31
	1Q1994	820	820	93	601	86,154,566	143,352	98.61

Municipality of Anchorage

Condominium Listings and Sales

Table 3-2

1st Qtr 1994 through 2nd Qtr 1998

Source: Anchorage Multiple Listing Service.	Qtr/Yr	Active Listings			Sales Closed			
		YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
	2Q1998	863	585	87	218	19,056,517	87,415	N/A
	1Q1998	278	278	101	180	14,472,170	80,401	N/A
	4Q1997	1351	294	135	229	20,745,990	90,594	N/A
	3Q1997	1057	382	118	183	15,730,319	89,958	N/A
	2Q1997	675	368	109	225	19,660,983	87,382	N/A
	1Q1997	307	307	119	146	11,281,574	77,271	N/A
	4Q1996	1187	281	106	152	11,985,178	78,850	N/A
	3Q1996	906	335	95	185	15,564,410	84,132	96.82
	2Q1996	571	318	94	202	16,783,791	83,088	96.43
	1Q1996	253	253	105	123	9,878,848	80,316	97.02
	4Q1995	1367	298	161	130	11,245,110	86,501	97.70
	3Q1995	1069	362	131	150	12,507,000	83,380	97.55
	2Q1995	707	366	144	144	11,053,698	76,762	97.62
	1Q1995	341	341	147	151	13,135,459	86,990	98.39
	4Q1994	1373	399	126	173	13,156,701	76,050	98.44
	3Q1994	974	388	91	133	9,772,033	73,474	98.54
	2Q1994	586	343	112	141	11,532,233	81,789	97.30
	1Q1994	243	243	136	114	9,061,221	79,484	97.95

Kenai Peninsula Borough

Single-Family Residential Listings and Sales

1st Qtr 1994 through 2nd Qtr 1998

Table 3-3

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
2Q1998	483	286	158	46	5,651,892	122,867	N/A
1Q1998	197	197	197	33	4,030,937	122,150	N/A
4Q1997	961	189	170	47	6,933,237	147,516	N/A
3Q1997	772	246	165	84	11,021,404	131,207	98.79
2Q1997	526	278	159	48	5,014,750	104,474	96.37
1Q1997	248	248	166	41	4,050,279	98,787	95.82
4Q1996	1111	198	121	59	5,988,609	101,502	N/A
3Q1996	913	313	169	85	8,503,029	100,036	96.10
2Q1996	600	331	169	85	8,861,408	104,252	97.11
1Q1996	269	269	177	56	5,581,755	99,674	93.43
4Q1995	1090	280	173	98	9,784,317	99,840	96.12
3Q1995	810	298	149	99	8,547,032	86,334	96.29
2Q1995	512	276	182	89	9,022,900	101,381	97.29
1Q1995	236	236	198	47	4,777,700	101,653	95.29
4Q1994	1106	255	173	78	6,999,688	89,740	96.08
3Q1994	851	313	144	98	9,570,665	97,660	96.48
2Q1994	538	305	142	97	9,487,241	97,807	97.10
1Q1994	233	233	177	91	8,398,078	92,287	96.25

Note: Average days on market are for sales closed and not for listings.

Source: Kenai Peninsula Board of Realtors.

Matanuska-Susitna Borough

Single-Family Residential Listings and Sales

1st Qtr 1994 through 2nd Qtr 1998

Table 3-4

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
2Q1998	1097	657	105	238	31,533,734	132,495	98.58
1Q1998	440	440	105	126	15,645,332	124,169	98.49
4Q1997	1828	370	127	203	26,182,535	128,978	97.54
3Q1997	1458	489	108	249	31,259,100	125,539	97.90
2Q1997	969	539	104	195	23,271,365	119,340	97.27
1Q1997	430	430	116	114	13,013,079	114,150	97.33
4Q1996	2072	405	135	176	20,265,296	115,144	97.12
3Q1996	1667	615	113	186	20,179,075	108,490	97.86
2Q1996	1052	621	105	167	18,170,905	108,808	98.05
1Q1996	431	431	116	78	8,260,356	105,902	96.53
4Q1995	1734	390	125	155	15,831,229	102,137	97.70
3Q1995	1344	466	112	179	17,161,288	95,873	97.16
2Q1995	878	481	111	119	11,407,645	95,863	97.66
1Q1995	397	397	114	114	11,145,209	97,765	97.08
4Q1994	1639	363	117	148	14,082,250	95,150	97.20
3Q1994	1276	497	98	170	16,492,382	97,014	96.71
2Q1994	779	486	90	151	15,465,607	102,421	96.63
1Q1994	293	293	119	110	10,310,145	93,729	97.38

Note: Matanuska-Susitna includes condominiums in quarterly residential sales data. These sales account for a very small proportion of overall activity.

Source: Valley Board of Realtors Multiple Listing Service.

Fairbanks North Star Borough

Single-Family Residential Listings and Sales

Table 3-5

1st Qtr 1994 through 2nd Qtr 1998

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and listing activity reported in previous issues may be revised to include data received after the previous issue publication.		Active Listings			Sales Closed			
	Qtr/Yr	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
Source: Greater Fairbanks Board of Realtors Multiple Listing Service.	2Q1998	492	269	N/A	150	18,944,639	126,298	N/A
	1Q1998	223	223	N/A	81	9,137,997	112,815	N/A
	4Q1997	N/A	N/A	N/A	170	19,465,850	114,505	N/A
	3Q1997	N/A	N/A	N/A	187	21,648,055	115,765	N/A
	2Q1997	N/A	N/A	N/A	191	24,577,689	128,679	N/A
	1Q1997	N/A	N/A	N/A	81	8,668,215	107,015	N/A
	4Q1996 (est)	934	232	84	170	19,465,850	114,505	93.25
	3Q1996	702	281	72	193	21,653,398	112,193	94.25
	2Q1996	421	257	80	173	18,635,537	107,719	93.87
	1Q1996	164	164	96	113	11,872,963	105,070	91.66
	4Q1995	787	183	89	153	15,733,821	102,835	93.27
	3Q1995	604	253	64	201	21,760,251	108,259	96.99
	2Q1995	351	208	63	175	19,147,942	107,572	95.51
	1Q1995	143	143	85	138	15,263,504	110,605	97.29
	4Q1994	916	318	79	186	18,285,120	98,307	95.56
	3Q1994	598	275	61	221	22,694,773	102,691	96.66
2Q1994	323	222	61	166	17,589,109	105,958	98.12	
1Q1994	101	101	84	139	14,087,103	101,346	97.95	

Fairbanks North Star Borough

Condominiums and Townhouse Listings and Sales

Table 3-6

1st Qtr 1994 through 2nd Qtr 1998

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed				
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)	
2Q1998	(Data not available from Fairbanks MLS due to computer problems.)							
1Q1998	(Data not available from Fairbanks MLS due to computer problems.)							
4Q1997	(Data not available from Fairbanks MLS due to computer problems.)							
3Q1997	(Data not available from Fairbanks MLS due to computer problems.)							
2Q1997	(Data not available from Fairbanks MLS due to computer problems.)							
1Q1997	(Data not available from Fairbanks MLS due to computer problems.)							
4Q1996 (est)	57	15	90	13	819,169	63,013	94.59	
3Q1996	42	17	48	24	1,419,266	59,136	95.09	
2Q1996	25	16	49	23	1,496,616	65,070	97.40	
1Q1996	9	9	238	7	463,700	66,242	95.39	
4Q1995	68	7	158	14	930,500	66,464	97.02	
3Q1995	61	19	137	14	1,092,100	78,007	97.99	
2Q1995	42	22	63	18	1,217,700	67,650	96.41	
1Q1995	20	20	84	9	683,250	75,916	95.86	
4Q1994	62	22	45	11	742,700	67,518	99.45	
3Q1994	40	16	61	15	1,034,500	68,966	96.72	
2Q1994	24	16	91	16	959,000	59,937	98.08	
1Q1994	8	8	68	16	909,900	56,868	97.30	

Condominiums in Anchorage were lower from the year-ago levels. The number and volume of sales both fell 3.1%. Listings were 59.0% higher in 1998, but days-on-the-market dropped from 109 to 87. The average selling price remained virtually unchanged from \$87,382 to \$87,415 in 1998.

The MLS survey benefitted from a seasonal upturn in the housing market. The quarterly and first-half increase in closed sales and sales volume, coupled with days-on-the-market declining, indicated that housing activity was healthy in the second quarter and first half of 1998.

Section 4

New Alaska Housing Units

Building Permits Fell

Table 4-1, Figures 4-1 to 4-4

Based on responses to the statewide building permits survey of local governments, total year-to-date permits were slightly lower than the prior year. Compared to the first half of 1997, the total number of new housing units authorized dropped 2.7%, from 1,424 to 1,386. Demand for new housing in Southcentral Alaska continues to remain high, while federally funded house-building activity in rural areas of the state nears completion.

In terms of the types of permits issued:

- Permits declined on a statewide basis for single-family homes from 1,049 to 1,017, a loss of 3.1%.
- Multi-family units rose 5.6% from 303 to 320.
- Permits for mobile homes dropped 32% from 72 to 49.

Out of 25 total regions, 13 reported declines. Only seven areas (Anchorage, Aleutians-West, Bristol Bay, Fairbanks, Ketchikan, Kodiak, and Mat-Su)

(continued on page 43)

New Housing Units by Type of Structure

For Places Reporting Data, Comparison with 1997 Permit Data

2nd Qtr 1998 vs. 2nd Qtr 1997 and Year-to-Date

Table 4-1

Place	Total New Units				Single-Family				Multi-Family				Mobile Home			
	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97
Aleutians East Borough																
Akutatan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cold Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
King Cove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sand Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aleutians West Census Area																
Atka	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. George	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Paul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalaska	2	5	6	5	1	3	5	3	0	2	0	2	1	0	1	0
Anchorage, Municipality of																
Anchorage	588	484	849	733	363	355	595	547	205	102	229	153	20	27	25	33
Bethel Census Area																
Akiachak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aniak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bethel	13	11	13	13	13	10	13	12	0	0	0	0	0	1	0	1
Chuathbaluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodnews Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kwethluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lower Kalskag	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Napaskiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nunapitchuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Quinhagak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bristol Bay Borough																
Bristol Bay	4	0	5	1	4	0	5	1	0	0	0	0	0	0	0	0
Dillingham Census Area																
Clark's Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dillingham	0	26	0	26	0	2	0	2	0	24	0	24	0	0	0	0
Ekwok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manokotak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Togiak	0	0	16	0	0	0	16	0	0	0	0	0	0	0	0	0
Fairbanks North Star Borough																
North Pole	6	9	6	9	3	9	3	9	0	0	0	0	3	0	3	0
Balance of Borough	93	90	101	96	73	64	79	70	20	26	22	26	0	0	0	0
Haines Borough																
Balance of Borough	4	5	4	5	4	5	4	5	0	0	0	0	0	0	0	0
Haines City	2	3	2	5	2	3	2	5	0	0	0	0	0	0	0	0
Juneau Borough																
Juneau	43	58	57	102	30	32	41	51	10	17	12	41	3	9	4	10
Kenai Peninsula Borough																
Homer	6	9	11	12	6	7	11	10	0	2	0	2	0	0	0	0
Kenai	27	23	30	27	27	21	30	25	0	2	0	2	0	0	0	0
Seward	7	4	7	4	7	4	7	4	0	0	0	0	0	0	0	0
Seldovia	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Soldotna	12	16	13	19	6	16	7	19	6	0	6	0	0	0	0	0
Ketchikan Gateway Borough																
Ketchikan City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Borough	10	4	19	14	10	4	19	12	0	0	0	0	0	0	0	2

Note: Since Mat-Su only reported data annually, quarterly tabulation of the permit is not provided.

Source: Alaska Department of Labor, Research and Analysis Building-Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

New Housing Units by Type of Structure -cont.

For Places Reporting Data, Comparison with 1997 Permit Data

Table 4-1 cont.

2nd Qtr 1998 vs. 2nd Qtr 1997 and Year-to-Date

Place	Total New Units				Single-Family				Multi-Family				Mobile Home			
	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97
Kodiak Island Borough																
Akhiok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kodiak City	19	15	30	15	15	9	26	9	0	2	0	2	4	4	4	4
Old Harbor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Lions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake & Peninsula Borough																
Newhalen	0	8	0	8	0	8	0	8	0	0	0	0	0	0	0	0
Nondalton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Heiden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Matanuska-Susitna Borough																
Balance of Borough	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Palmer	68	4	80	8	36	4	48	8	32	0	32	0	0	0	0	0
Wasilla	25	65	25	69	22	35	22	39	3	30	3	30	0	0	0	0
Nome Census Area																
Diomedes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nome	5	1	5	1	3	1	3	1	2	0	2	0	0	0	0	0
Savoonga	0	16	0	20	0	16	0	20	0	0	0	0	0	0	0	0
Shaktoolik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shismaref	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalakleet	0	4	0	4	0	4	0	4	0	0	0	0	0	0	0	0
North Slope Borough																
Atkasuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Barrow	16	57	38	72	16	55	36	70	0	2	2	2	0	0	0	0
Kaktovik	0	0	0	5	0	0	0	0	0	0	0	5	0	0	0	0
Nuiqsut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Hope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wainwright	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northwest Arctic Borough																
Ambler	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buckland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kivalina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kobuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotzebue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Noorvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selawik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shungnak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prince of Wales-Outer Ketchikan																
Craig	1	9	3	17	1	6	2	9	0	0	0	0	0	3	1	8
Hydaburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kasaan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Klawock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Thorne Bay	0	0	6	3	0	0	6	1	0	0	0	2	0	0	0	0
Sitka Borough																
City & Borough of Sitka	16	22	21	34	8	14	11	24	4	2	4	4	4	6	6	6

New Housing Units by Type of Structure - cont.

For Places Reporting Data, Comparison with 1997 Permit Data

2nd Qtr 1998 vs. 2nd Qtr 1997 and Year-to-Date

Table 4-1

Place	Total New Units				Single-Family				Multi-Family				Mobile Home			
	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97	2Qtr '98	2Qtr '97	YTD '98	YTD '97
Skagway-Yakutat-Angoon Census Area																
Angoon	0	4	0	4	0	0	0	0	0	4	0	4	0	0	0	0
Hoonah	0	4	0	5	0	1	0	1	0	2	0	2	0	1	0	2
Pelican	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skagway	0	1	0	5	0	0	0	4	0	0	0	0	0	1	0	1
Yakutat	1	2	1	6	1	1	1	2	0	0	0	0	0	1	0	4
Southeast Fairbanks Cen:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Valdez-Cordova Census Area																
Cordova	0	1	0	2	0	1	0	2	0	0	0	0	0	0	0	0
Valdez	10	16	10	18	5	16	5	18	0	0	0	0	5	0	5	0
Whittier	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wade Hampton Census Area																
Alakanuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Emmonak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hooper Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotlik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pilot Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Russian Mission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheldon Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell-Petersburg Census Area																
Kake	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kupreanof	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Petersburg	14	31	17	34	6	29	9	31	8	2	8	2	0	0	0	1
Port Alexander	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell	4	1	5	1	4	1	5	1	0	0	0	0	0	0	0	0
Yukon-Koyukuk Census Area																
Allakaket	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anderson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettles	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Fort Yukon	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0	0
Galena	4	1	4	1	4	1	4	1	0	0	0	0	0	0	0	0
Hughes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huslia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyukuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
McGrath	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Nenana	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0
Nikolai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nulato	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ruby	0	15	0	15	0	15	0	15	0	0	0	0	0	0	0	0
Shageluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tanana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reported	1,002	1,029	1,386	1,424	672	757	1,017	1,049	290	219	320	303	40	53	49	72

Source: Alaska Department of Labor, Research and Analysis Building-Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

(continued from page 39)

reported higher permits than 1997. The remaining five areas were unchanged.

Anchorage reported total permits up 15.8% compared with the first six months of 1997 from 733 to 849. The Municipality issued five permits out of every eight on a statewide basis for a total share of 61.3% compared to 51.5% in 1997. City officials have indicated that there could be 1,500 housing units this year, up from the 1,428 units in 1997. According to the Municipality of Anchorage, total building permits are projected to total \$415 million in 1998, the highest in 12 years. Residential construction will comprise approximately \$215 million of that total.

Fairbanks saw permits rise 1.9%, and its statewide share increase from 7.4% to 7.7%. Juneau's share continued to decline, falling from 7.2% to 4.1%, as did the Balance of State, from 34.0% to 26.9%.

Kodiak permits doubled from 15 to 30, followed by Mat-Su (up 36.4% from 77 to 105), and Ketchikan (up 35.7% from 14 to 19). Ketchikan was the only Southeastern area which gained in permit activity from 1997.

Areas with the largest declines were Skagway-Yakutat-Angoon (-95.0% from 20 to 1), Nome (-80.0% from 25 to 5), Yukon-Koyukuk (-70.0% from 20 to 6), North Slope (-50.6% from 77 to 38), Juneau (-44.1% from 102 to 57), and Sitka (-38.2% from 34 to 21).

In terms of permit types, single-family homes accounted for almost three-quarters of the statewide permits issued in 1998's first half. Multi-family permits comprised 23.1%, and mobile homes captured the remaining 3.5%.

In terms of overall permits, there were 14 regions below the prior year quarter, six with gains, and five that remained unchanged.

Strength was most noticeable in Anchorage (21.5%, up 104 units), Mat-Su (34.8%, up 24 units), and Ketchikan (150.0%, up 6 units). Those areas which were most down from the prior-year quarter were the North Slope (-71.9%, down 41 units), Dillingham (-100.0%, down 26 units), and Nome (-76.2%, down 16 units).

Regionally, Anchorage and Mat-Su exhibited the strongest housing activity in the state. Anchorage was especially strong in multifamily permits, doubling from 102 in 1997 to 205, while Mat-Su had the strongest single-family permitting, gaining 48.7% from 39 in 1997 to 58.

Permits for New Housing Units by Type

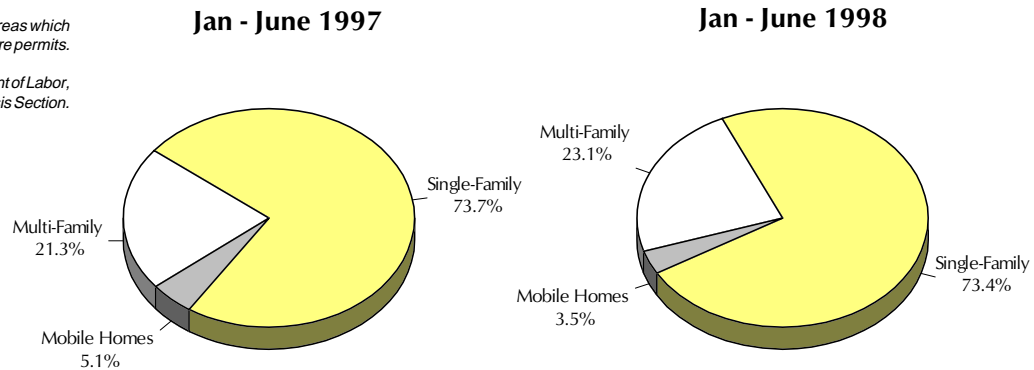
Alaska

Figure 4-1

January-July 1997 vs. January-July 1998

Note: Includes some units in areas which do not require permits.

Source: Alaska Department of Labor, Research and Analysis Section.



Permits for New Housing Units by Location

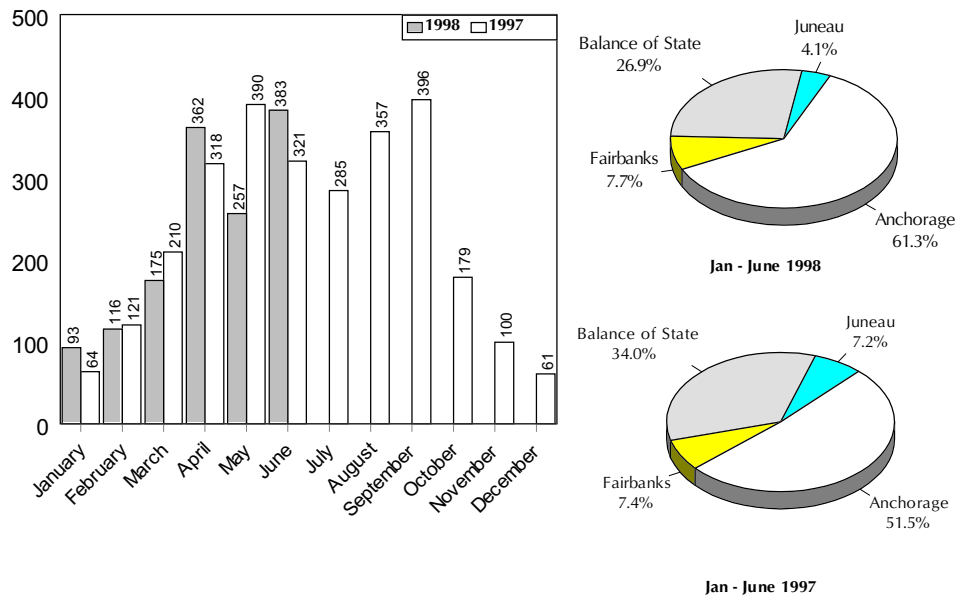
Alaska

Figure 4-2

January-July 1997 vs. January-July 1998

Note: Includes mobile homes.

Source: Alaska Department of Labor, Research and Analysis Section.

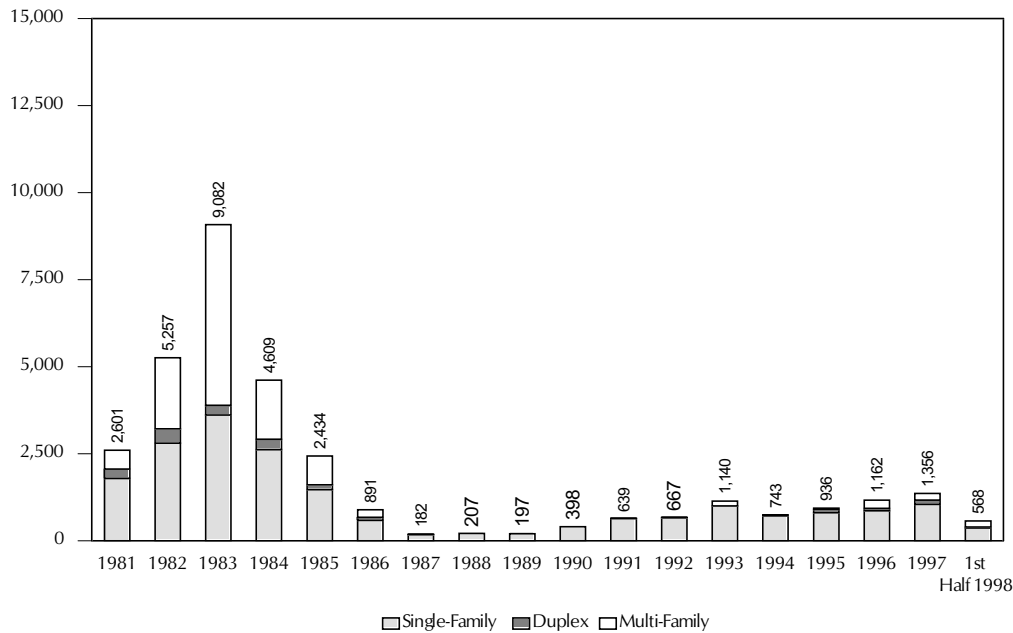


New Housing Units Authorized

Anchorage

January 1980 to June 1998

Figure 4-3

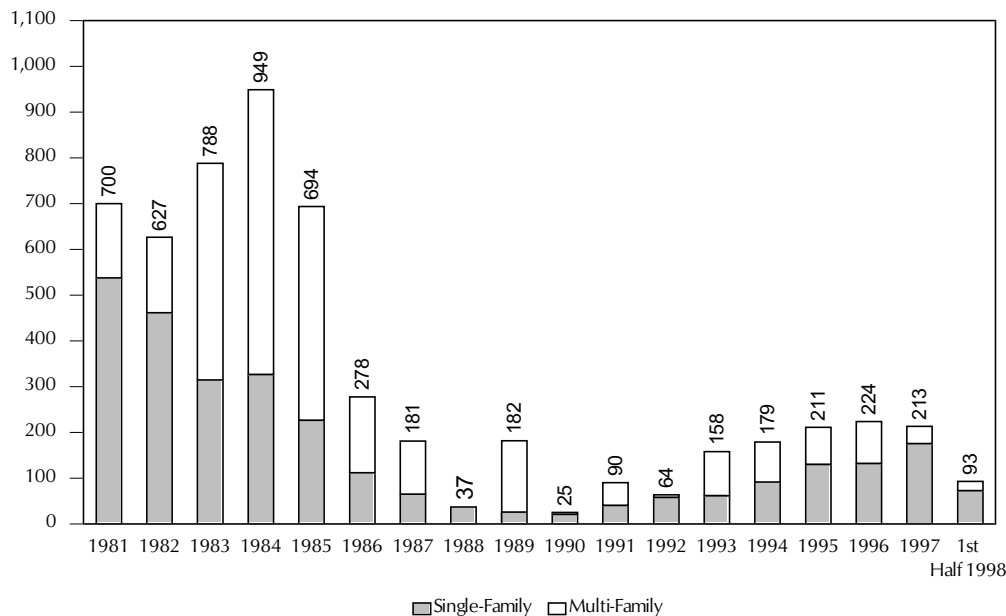


New Housing Units Authorized

Fairbanks North Star Borough

January 1981 to June 1998

Figure 4-4



1998 Annual Rental Market Survey

Methodology

The 1998 Annual Rental Market Survey was conducted during March by the Alaska Department of Labor for the Alaska Housing Finance Corporation (AHFC). The 1998 survey included more than 22,400 single-family residences, condominiums, apartments, and mobile homes, a 21 percent increase over 1997. Landlords in 10 areas of the state provided information on rental costs, energy sources, utilities included in the contract rent, and vacancy status of their residential housing units. Landlords were identified through multiple sources, including telephone directories, newspapers, assessors' files, and sales tax records.

Vacancy Rate Tightens in 1998

Table 5-1, Table 5-2, Figure 5-1

For the second year, Alaska's rental market tightened. The statewide vacancy rate fell to 5.3% in 1998, from 6.0% in 1997. Increased demand for housing in Anchorage drove the decline. Regionally, vacancy rates were mixed, with five areas reporting lower rates and four higher rates than in 1997:

- Anchorage's rental vacancy rate fell the most, from 6.6% to 4.3%. This drop followed a decline in 1997.
- Mat-Su again had the lowest vacancy rate in the state at 2.2%.
- Wrangell-Petersburg reported the highest vacancy rate of 11.5%, up substantially from last year.
- Juneau's vacancy rate grew the most, as recent construction pushed it to 5.2% from last year's 3.1%.
- Vacancy rates also increased in Kenai and Fairbanks to 5.4% and 7.5%, respectively.
- Sitka had the second greatest decline in vacancy rate in 1998, following a sharp increase in 1997.

Vacancy Rates and Average Contract Rents

All Units, Selected Boroughs and Census Areas

1998

Table 5-1

Borough or Census Area (CA)	Contract and Adjusted Average Rent				Units Surveyed	
	Average Rent		Median Rent		Units	Units
	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant
Anchorage Borough	\$662	\$693	\$640	\$656	10,096	430
Fairbanks North Star Borough	\$646	\$677	\$632	\$663	4,024	302
Juneau Borough	\$835	\$909	\$827	\$892	2,206	114
Kenai Peninsula Borough	\$609	\$679	\$600	\$642	1,750	95
Ketchikan Gateway Borough	\$675	\$752	\$650	\$697	1,214	86
Kodiak Island Borough	\$824	\$894	\$800	\$889	631	37
Matanuska-Susitna Borough	\$632	\$699	\$600	\$658	1,596	35
Sitka Borough	\$720	\$864	\$675	\$801	462	29
Wrangell-Petersburg CA	\$608	\$687	\$575	\$689	314	36
Statewide	\$677	\$724	\$650	\$690	22,439	1,186

Note: Apartments are defined as any units with one or more attached units. Does not include mobile homes and seasonal dwellings.

Source: Alaska Department of Labor, Research and Analysis Section.
1998 Alaska Rental Survey

Change In Vacancy Rates and Median Rents

All Units, Selected Boroughs and Census Areas

Table 5-2

1998 vs. 1997

Source: Alaska Department of Labor,
Research and Analysis Section, 1998
Alaska Rental Survey.

Survey Areas	Vacancy Rate	Median Rent	
	(% Change)	Contract (% Change)	Adjusted (% Change)
Anchorage Borough	-34.80%	1.60%	0.30%
Fairbanks North Star Borough	5.60%	1.10%	1.70%
Juneau Borough	67.70%	3.40%	2.20%
Kenai Peninsula Borough	22.70%	4.30%	2.40%
Ketchikan Gateway Borough	-7.80%	2.70%	-2.50%
Kodiak Island Borough	-7.80%	0.00%	-4.40%
Matanuska-Susitna Borough	-4.30%	0.00%	1.20%
Sitka Borough	-19.20%	0.00%	0.90%
Statewide	-11.70%	0.00%	2.20%
Wrangell-Petersburg CA	62.00%	-4.20%	2.10%

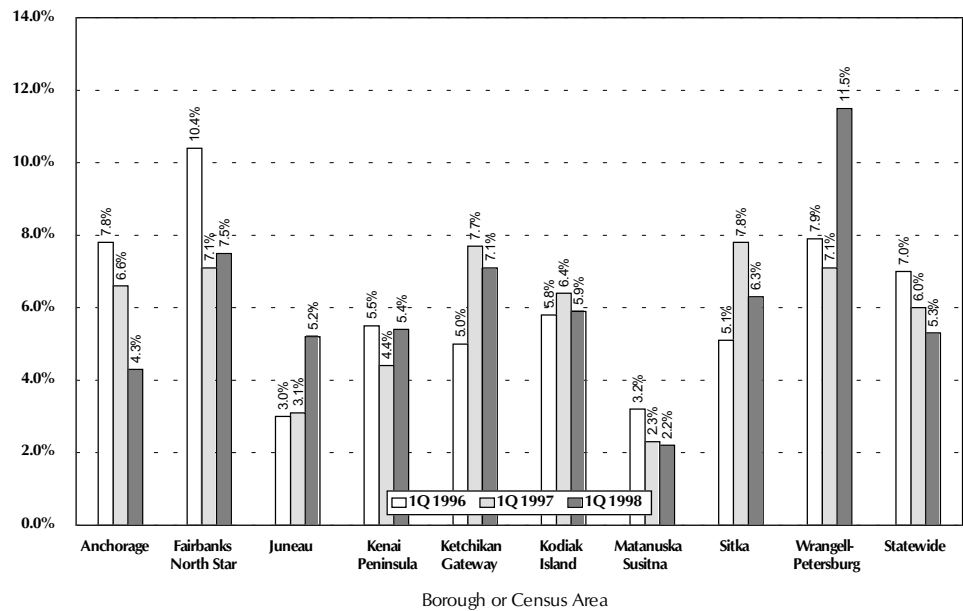
Vacancy Rates

All Units, Selected Boroughs and Census Areas

Figure 5-1

1996, 1997 & 1998

Source: Alaska Department of Labor,
Research and Analysis Section, 1998
Alaska Rental Survey.

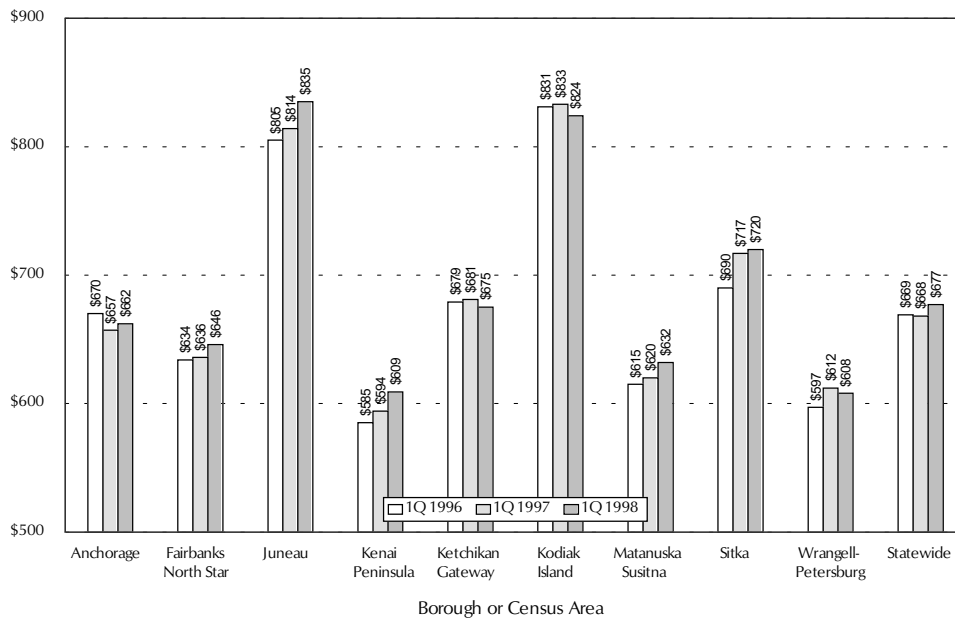


Average Contract Rents

All Units, Selected Boroughs and Census Areas

1996, 1997, 1998

Figure 5-2



Source: Alaska Department of Labor, Research and Analysis Section, 1998 Alaska Rental Survey.

Contract Rents Rose in Most Areas

Figure 5-2

The contract rent represents the actual rent paid by the tenant and included some utilities. In 1998, after three years of relative stability, the statewide average contract rent rose 1.3% or \$9, to \$677. Contract rents for single-family residences increased the most, from \$785 to \$811. The average apartment rent increased from \$656 to \$662.

- In Anchorage, the average contract rent edged upwards 0.8% to \$662. However, Anchorage's average contract rent remained below the levels for 1995 and 1996.
- Juneau's average contract rent rose at the fastest rate, despite the sharp increase in the vacancy rate. Juneau's average contract rent of \$835 was the highest in the state, taking over the lead from Kodiak.
- Kodiak reported the second highest average contract rent at \$824.
- The lowest average contract rents were reported for Wrangell-Petersburg (\$608) and Kenai (\$609). Kenai, however, had the second largest increase from 1997.

Rents Adjusted by Utility Schedule

Table 5-2

Using a utility schedule for Alaska provided by HUD and AHFC, adjusted rents were calculated by adding costs for utilities that were not included in the contract rent. This adjusted rent provided a theoretical value for comparative purposes. After two years of declines, the statewide average adjusted rent rose to \$724 in 1998, the highest level since at least 1993 when this survey began. The average adjusted rent for single-family residences reached \$930, up from \$898 in 1997 and \$870 in 1996. For apartments, the average adjusted rent increased to \$702 from \$692 in 1997. While 1998 showed no change in the statewide median contract rent, the median adjusted rent rose slightly from \$675 to \$690.

- Ketchikan was the only area where the average adjusted rent fell. It was \$752 in 1998, compared to \$756 in 1997.
- Juneau (\$892) edged out Kodiak (\$889) for the state's highest median adjusted rent.
- Kenai reported the lowest median adjusted rent (\$642), but also had the greatest percent increase from last year at 2.4%.
- Kenai and Fairbanks reported about a two percent increase in median adjusted rent, despite their increased vacancy rates.

Analysis by Rental Unit Type and Number of Bedrooms

Tables 5-3, 5-4, 5-5

The median adjusted rent provided a baseline for assessing changes in rents. Statewide, rents for one- and two- bedroom single-family residences increased \$16 from 1997 and \$66 for three bedrooms. The largest increases for three-bedroom units came in Fairbanks and Anchorage, while Sitka was the only area reporting a decrease. The following table shows changes in rents from 1997 to 1998 for single-family residences.

Changes in apartment rents showed a different pattern, with the statewide median adjusted rent increasing over 1997 by \$11 for one-bedroom, \$3 for two-bedroom, and \$4 for three-bedroom rental units. Rents for three-bedroom units fell in Fairbanks, Juneau, and Kodiak.

Change in Median Adjusted Rent by Bedroom Size

Single Family Residences

1998 vs. 1997

Table 5-5

Survey Areas	1 Bedroom	2 Bedroom	3 Bedroom	
Anchorage Borough	-\$22	\$30	\$163	<i>Note: Apartments are defined as any units with one or more attached units.</i>
Fairbanks North Star Borough	-\$33	\$43	\$186	
Juneau Borough	-\$16	-\$6	\$26	<i>Source: Alaska Department of Labor, Research and Analysis Section, 1998 Alaska Rental Survey.</i>
Kenai Peninsula Borough	\$0	-\$1	\$48	
Ketchikan Gateway Borough	-\$34	-\$30	\$11	
Kodiak Island Borough	\$39	\$76	\$17	
Matanuska-Susitna Borough	\$24	-\$28	\$25	
Sitka Borough	\$17	\$41	-\$30	
Wrangell-Petersburg CA	-\$8	\$4	\$0	
Statewide	\$16	\$16	\$66	

Change in Median Adjusted Rent by Bedroom Size

Apartments

1998 vs. 1997

Table 5-4

Survey Areas	1 Bedroom	2 Bedroom	3 Bedroom	
Anchorage Borough	-\$8	\$0	\$25	<i>Note: Apartments are defined as any units with one or more attached units</i>
Fairbanks North Star Borough	\$53	\$10	-\$27	
Juneau Borough	\$7	-\$5	-\$25	<i>Source: Alaska Department of Labor, Research and Analysis Section, 1998 Alaska Rental Survey.</i>
Kenai Peninsula Borough	\$49	\$2	\$47	
Ketchikan Gateway Borough	\$6	\$20	\$30	
Kodiak Island Borough	\$72	-\$34	-\$13	
Matanuska-Susitna Borough	\$0	\$16	\$17	
Sitka Borough	\$0	\$9	\$0	
Wrangell-Petersburg Census Areas	-\$22	\$0	\$0	
Statewide	\$11	\$3	\$4	

Single Family Residences vs. Apartments

Average Rent

1998

Table 5-5

Survey Areas	Single-Family Residences		Apartments		
	Adjusted	Contract	Adjusted	Contract	
Anchorage Borough	\$1,023	\$924	\$680	\$652	<i>Note: Apartments are defined as any units with one or more attached units</i>
Fairbanks North Star Borough	\$894	\$772	\$655	\$633	
Juneau Borough	\$1,094	\$996	\$869	\$800	<i>Source: Alaska Department of Labor, Research and Analysis Section, 1998 Alaska Rental Survey.</i>
Kenai Peninsula Borough	\$784	\$645	\$657	\$602	
Ketchikan Gateway Borough	\$854	\$735	\$741	\$668	
Kodiak Island Borough	\$1,072	\$918	\$859	\$806	
Matanuska-Susitna Borough	\$859	\$743	\$652	\$599	
Sitka Borough	\$965	\$779	\$834	\$702	
Wrangell-Petersburg Census Area	\$650	\$538	\$700	\$632	
Statewide	\$930	\$811	\$702	\$662	

Apartment Rental Cost and Vacancy Rates

Selected Boroughs and Census Areas

Table 5-3

1998

								Percentage of Units with Utilities Included in Contract Rent				
	Average Rent Contract	Adjusted	Median Rent Contract	Adjusted	Units Surveyed	Vacant	Vacancy Rate	Heat	Light	Hot Water	Water	Sewer
Anchorage												
0 Bedroom	\$460	\$480	\$450	\$464	739	34	4.6%	85.1%	51.3%	96.1%	97.6%	96.8%
1 Bedroom	\$569	\$593	\$568	\$575	3,688	188	5.1%	86.8%	35.2%	94.3%	96.7%	96.6%
2 Bedroom	\$702	\$734	\$700	\$725	4,150	138	3.3%	83.9%	27.3%	88.0%	97.5%	97.4%
3 Bedroom	\$847	\$885	\$850	\$875	1,044	55	5.3%	74.1%	24.9%	75.5%	97.3%	96.3%
4 Bedroom	\$1,017	\$1,032	\$980	\$980	101	8	7.9%	90.1%	77.2%	90.1%	98.0%	99.0%
Fairbanks North Star												
0 Bedroom	\$401	\$404	\$420	\$420	437	38	8.7%	98.9%	75.3%	99.8%	99.8%	99.8%
1 Bedroom	\$567	\$582	\$580	\$580	1,272	111	8.7%	98.3%	32.5%	95.5%	99.0%	97.6%
2 Bedroom	\$697	\$725	\$680	\$717	1,536	92	6.0%	96.4%	16.7%	86.7%	98.4%	98.5%
3 Bedroom	\$829	\$869	\$800	\$873	393	30	7.6%	97.7%	6.1%	79.9%	97.5%	95.9%
4 Bedroom	\$1,093	\$1,151	\$1,073	\$1,147	18	1	5.6%	94.4%	22.2%	77.8%	83.3%	83.3%
Juneau												
0 Bedroom	\$524	\$551	\$552	\$575	158	17	10.8%	91.1%	26.6%	96.2%	100.0%	89.9%
1 Bedroom	\$692	\$745	\$700	\$761	568	12	2.1%	68.7%	26.6%	71.7%	98.9%	98.2%
2 Bedroom	\$860	\$949	\$850	\$968	834	56	6.7%	56.2%	12.4%	56.6%	92.3%	96.6%
3 Bedroom	\$1,010	\$1,074	\$940	\$977	217	9	4.1%	83.9%	8.8%	74.2%	96.3%	98.6%
4 Bedroom	\$1,003	\$1,074	\$903	\$947	34	0	0.0%	88.2%	8.8%	73.5%	97.1%	100.0%
Kenai Peninsula												
0 Bedroom	\$488	\$519	\$450	\$475	14	2	14.3%	78.6%	50.0%	78.6%	100.0%	100.0%
1 Bedroom	\$538	\$579	\$500	\$551	382	16	4.2%	83.5%	37.4%	86.1%	92.4%	92.7%
2 Bedroom	\$599	\$661	\$575	\$627	830	43	5.2%	76.0%	17.0%	76.6%	90.4%	88.7%
3 Bedroom	\$731	\$785	\$710	\$756	207	9	4.3%	76.3%	18.4%	73.9%	89.9%	89.4%
Ketchikan Gateway												
0 Bedroom	\$454	\$475	\$475	\$475	136	5	3.7%	98.5%	56.6%	98.5%	80.9%	80.9%
1 Bedroom	\$557	\$619	\$550	\$625	376	29	7.7%	80.1%	31.4%	68.1%	53.5%	60.4%
2 Bedroom	\$729	\$811	\$750	\$825	421	35	8.3%	82.4%	11.9%	65.1%	41.3%	51.1%
3 Bedroom	\$955	\$1,067	\$950	\$1,051	146	10	6.8%	74.0%	11.6%	55.5%	30.8%	38.4%
4 Bedroom	\$1,047	\$1,179	\$1,100	\$1,186	9	0	0.0%	55.6%	11.1%	55.6%	55.6%	33.3%
Kodiak Island												
0 Bedroom	\$487	\$497	\$450	\$450	22	2	9.1%	86.4%	86.4%	86.4%	100.0%	100.0%
1 Bedroom	\$743	\$781	\$750	\$803	272	8	2.9%	96.0%	14.7%	82.4%	99.6%	99.6%
2 Bedroom	\$829	\$900	\$800	\$912	174	10	5.7%	72.4%	15.5%	71.3%	98.9%	98.9%
3 Bedroom	\$1,104	\$1,188	\$1,100	\$1,185	50	9	18.0%	78.0%	8.0%	70.0%	96.0%	98.0%
4 Bedroom	\$1,267	\$1,381	\$1,200	\$1,228	9	1	11.1%	66.7%	11.1%	66.7%	100.0%	100.0%
Matanuska-Susitna												
0 Bedroom	\$400	\$416	\$400	\$404	48	0	0.0%	95.8%	25.0%	70.8%	95.8%	100.0%
1 Bedroom	\$535	\$591	\$500	\$540	271	9	3.3%	68.3%	31.7%	55.0%	84.1%	81.5%
2 Bedroom	\$610	\$665	\$600	\$653	801	11	1.4%	73.9%	10.5%	69.5%	91.8%	93.4%
3 Bedroom	\$750	\$802	\$750	\$783	111	5	4.5%	69.4%	12.6%	58.6%	86.5%	85.6%
Sitka												
1 Bedroom	\$577	\$672	\$575	\$692	135	7	5.2%	73.3%	10.4%	68.9%	37.0%	33.3%
2 Bedroom	\$696	\$849	\$700	\$830	142	8	5.6%	47.2%	7.0%	32.4%	16.2%	13.4%
3 Bedroom	\$933	\$1,088	\$920	\$1,057	69	6	8.7%	42.0%	20.3%	40.6%	42.0%	40.6%
Valdez-Cordova												
1 Bedroom	\$673	\$697	\$650	\$683	28	0	0.0%	100.0%	28.6%	100.0%	100.0%	100.0%
2 Bedroom	\$852	\$889	\$800	\$842	93	12	12.9%	100.0%	12.9%	100.0%	100.0%	100.0%
3 Bedroom	\$1,075	\$1,121	\$1,175	\$1,226	20	10	50.0%	100.0%	10.0%	100.0%	100.0%	100.0%
Wrangell-Petersburg												
1 Bedroom	\$607	\$640	\$546	\$546	111	15	13.5%	93.7%	56.8%	87.4%	83.8%	78.4%
2 Bedroom	\$636	\$731	\$689	\$689	96	7	7.3%	71.9%	24.0%	62.5%	50.0%	39.6%
3 Bedroom	\$761	\$872	\$831	\$831	24	1	4.2%	54.2%	41.7%	54.2%	66.7%	45.8%
Statewide	\$662	\$702	\$650	\$675	20,213	1,061	5.2%	83.4%	27.4%	83.3%	92.3%	92.4%

Source: Alaska Department of Labor,
Research and Analysis Section, 1998
Alaska Rental Survey.

Single-Family Rental Cost and Vacancy Rates

Selected Boroughs and Census Areas

1998

Table 5-2

									Percentage of Units with Utilities Included in Contract Rent					
		Average Rent		Median Rent		Units		Vacancy Rate	Heat	Light	Hot Water	Water	Sewer	Garbage
		Contract	Adjusted	Contract	Adusted	Surveyed	Vacant							
Anchorage														
	1 Bedroom	\$490	\$553	\$450	\$515	19	1	5.3%	36.8%	47.4%	63.2%	57.9%	73.7%	57.9%
	2 Bedroom	\$684	\$758	\$700	\$759	162	1	0.6%	6.8%	4.9%	6.8%	77.2%	79.0%	72.8%
	3 Bedroom	\$1,115	\$1,237	\$1,150	\$1,261	134	5	3.7%	9.0%	6.0%	9.7%	29.1%	28.4%	16.4%
	4 Bedroom	\$1,333	\$1,460	\$1,250	\$1,411	45	0	0.0%	15.6%	11.1%	17.8%	35.6%	35.6%	28.9%
Fairbanks North Star														
	0 Bedroom	\$351	\$436	\$325	\$422	18	2	11.1%	27.8%	16.7%	27.8%	27.8%	55.6%	27.8%
	1 Bedroom	\$501	\$578	\$470	\$521	70	4	5.7%	60.0%	20.0%	37.1%	61.4%	61.4%	45.7%
	2 Bedroom	\$687	\$807	\$650	\$808	121	12	9.9%	39.7%	2.5%	25.6%	52.9%	54.5%	31.4%
	3 Bedroom	\$964	\$1,104	\$1,000	\$1,280	118	9	7.6%	38.1%	0.8%	36.4%	59.3%	59.3%	39.0%
	4 Bedroom	\$1,119	\$1,296	\$1,150	\$1,247	35	3	8.6%	40.0%	11.4%	31.4%	40.0%	42.9%	25.7%
Juneau														
	0 Bedroom	\$575	\$598	\$600	\$635	11	0	0.0%	81.8%	72.7%	81.8%	100.0%	90.9%	100.0%
	1 Bedroom	\$677	\$738	\$700	\$750	93	9	9.7%	64.5%	35.5%	58.1%	92.5%	94.6%	79.6%
	2 Bedroom	\$882	\$992	\$875	\$991	103	6	5.8%	38.8%	19.4%	25.2%	87.4%	88.3%	49.5%
	3 Bedroom	\$1,201	\$1,344	\$1,150	\$1,292	97	4	4.1%	22.7%	16.5%	17.5%	86.6%	91.8%	55.7%
	4 Bedroom	\$1,279	\$1,354	\$1,200	\$1,200	87	1	1.1%	69.0%	64.4%	66.7%	88.5%	89.7%	73.6%
Kenai Peninsula														
	0 Bedroom	\$462	\$550	\$429	\$471	12	1	8.3%	41.7%	33.3%	41.7%	50.0%	50.0%	41.7%
	1 Bedroom	\$483	\$578	\$455	\$560	72	5	6.9%	50.0%	37.5%	44.4%	58.3%	54.2%	40.3%
	2 Bedroom	\$600	\$744	\$600	\$734	110	11	10.0%	14.5%	8.2%	20.9%	50.0%	46.4%	19.1%
	3 Bedroom	\$764	\$924	\$750	\$923	91	4	4.4%	11.0%	7.7%	17.6%	53.8%	49.5%	14.3%
	4 Bedroom	\$957	\$1,151	\$950	\$1,211	19	2	10.5%	10.5%	10.5%	10.5%	26.3%	31.6%	10.5%
Ketchikan Gateway														
	1 Bedroom	\$563	\$650	\$600	\$642	44	2	4.5%	43.2%	34.1%	38.6%	63.6%	63.6%	47.7%
	2 Bedroom	\$699	\$809	\$739	\$862	30	1	3.3%	40.0%	20.0%	20.0%	60.0%	60.0%	46.7%
	3 Bedroom	\$949	\$1,100	\$950	\$1,129	34	3	8.8%	32.4%	23.5%	26.5%	32.4%	38.2%	29.4%
	4 Bedroom	\$942	\$1,179	\$1,000	\$1,221	9	0	0.0%	11.1%	0.0%	0.0%	11.1%	11.1%	0.0%
Kodiak Island														
	1 Bedroom	\$620	\$732	\$643	\$718	12	0	0.0%	25.0%	25.0%	25.0%	75.0%	75.0%	75.0%
	2 Bedroom	\$876	\$1,003	\$850	\$1,015	38	1	2.6%	44.7%	2.6%	18.4%	60.5%	94.7%	94.7%
	3 Bedroom	\$972	\$1,150	\$1,000	\$1,154	34	2	5.9%	5.9%	5.9%	23.5%	82.4%	85.3%	85.3%
	4 Bedroom	\$1,179	\$1,390	\$1,115	\$1,367	14	1	7.1%	21.4%	14.3%	28.6%	71.4%	71.4%	71.4%
Matanuska-Susitna														
	1 Bedroom	\$468	\$562	\$450	\$574	43	2	4.7%	37.2%	23.3%	34.9%	67.4%	69.8%	46.5%
	2 Bedroom	\$646	\$738	\$600	\$727	142	6	4.2%	31.0%	7.7%	30.3%	73.9%	77.5%	40.1%
	3 Bedroom	\$857	\$991	\$850	\$989	147	2	1.4%	5.4%	4.8%	5.4%	49.0%	46.3%	10.2%
	4 Bedroom	\$1,044	\$1,220	\$1,000	\$1,229	26	0	0.0%	3.8%	3.8%	7.7%	42.3%	42.3%	3.8%
Sitka														
	1 Bedroom	\$596	\$750	\$610	\$712	18	2	11.1%	22.2%	11.1%	16.7%	16.7%	16.7%	16.7%
	2 Bedroom	\$699	\$901	\$650	\$851	39	3	7.7%	5.1%	2.6%	0.0%	2.6%	5.1%	5.1%
	3 Bedroom	\$838	\$1,038	\$800	\$991	36	3	8.3%	11.1%	8.3%	13.9%	5.6%	8.3%	5.6%
Wrangell-Petersburg														
	1 Bedroom	\$479	\$550	\$450	\$524	32	8	25.0%	59.4%	37.5%	56.3%	68.8%	56.3%	50.0%
	2 Bedroom	\$563	\$694	\$600	\$724	26	5	19.2%	30.8%	3.8%	34.6%	50.0%	38.5%	23.1%
	3 Bedroom	\$642	\$804	\$600	\$786	17	0	0.0%	29.4%	5.9%	23.5%	23.5%	11.8%	5.9%
Statewide		\$811	\$930	\$750	\$880	2,226	125	5.6%	29.4%	15.2%	26.4%	59.1%	60.1%	40.0%

Source: Alaska Department of Labor,
Research and Analysis Section, 1998
Alaska Rental Survey.

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